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The Clintons: Tough Role in a Partisan Drama

By David Maraniss
Washington Post Service

WASHINGTON — They were on stage even longer than their ancestral icons — country Sam Ervin and his colorful cast from the Watergate hearings — but now, finally, their show is over.

The Senate Whitewater committee has closed down after a 13-month run. Its chairman, Senator

NEWS ANALYSIS

Alfonse M. D'Amato of New York, and his capricious crew had quizzed and quarreled and drawn connect-the-dots scenarios and sometimes bored the living daylights out of everybody at 60

sessions, consuming 300 hours and taking 10,729 pages of testimony and 35,000 pages of depositions from 245 people.

And they ended much as they began: The Republicans, in their final report, accused the Clinton White House of stonewalling and obfuscating; the Democrats, in a minority rebuttal, claimed that the president and first lady were victims of a modern-day witch-hunt. Along with records set for length and breadth, if not depth, the Whitewater hearings utterly obliterated any notion of congressional objectivity.

No one broke party ranks this time. Democratic senators covered their president in a protective embrace, serving almost as defense lawyers, while Re-

Clinton Friend and Aide Named in Whitewater Trial

A top aide and personal friend of President Bill Clinton's was named an unindicted co-conspirator to another in a string of Whitewater trials and investigations, adding further to the tribulations the White House faces.

As an unindicted co-conspirator, Bruce Lindsey, who is deputy White House counsel, will not be charged but can be called to testify. He has already been subpoenaed. To Americans, the term unindicted co-conspirator recalls the Watergate affair that dogged President Richard Nixon. (Page 3)

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Britain's Concession Wins EU Backing

Veterinary Experts Approve Plan To Widen Slaughter of Cattle

By Tom Buerkle
International Herald Tribune

BRUSSELS — The European Union's veterinary committee on Wednesday unanimously approved Britain's plan to eradicate "mad cow" disease by extending its slaughter of suspect cattle, giving a strong boost to the drive to end the crisis.

The British concession, coming amid heavy pressure from its European partners, raised hopes that the showdown over beef could be resolved at a meeting of EU leaders in Florence on Friday and Saturday.

A settlement would require the Union to endorse a framework program for the gradual lifting of the embargo on British beef exports in exchange for London's abandoning its obstruction of EU business.

Under the plan approved by the Union's Standing Veterinary Committee, British officials agreed to extend their selective slaughter of cattle back an extra year to those born in 1989. This would require the elimination of 20,000 to 60,000 head of cattle beyond the 80,000 Britain had already promised to slaughter.

The moves came as Prime Minister John Major affirmed that "Britain's place is in Europe."

"I don't know if we will be able to resolve this dispute at Florence, but we are now getting back to a more rational discussion," Mr. Major said in a speech to business leaders in London. "And common sense suggests that rational discussion will draw us all toward a practical solution."

But it remained unclear if Mr. Major would be willing to accept the compromise offered by the Union, or be able to sell it to the increasingly strident anti-EU wing of his Conservative Party.

In addition to demanding a more extensive slaughter, the EU proposal rejected Britain's demand to immediately resume beef exports to non-EU countries and laid down a stringent set of scientific and procedural criteria that will probably take months to fulfill before any British beef gets back onto Continental tables.

It was also uncertain whether Continental countries would support the deal, in particular Germany and France. Bonn has taken the hardest line in upholding the export ban, and a senior German official said it was unlikely that EU leaders would reach a settlement in

Florence. France, meanwhile, has toughened its stance since disclosures last week that Britain exported potentially infected animal feed to France after banning it at home.

The president of the European Commission, Jacques Santer, spelled out the strict conditions, veterinary and political, demanded by Britain's partners in an address to the European Parliament in Strasbourg.

"To put it bluntly we are waiting for the noncooperation to be ended," Mr. Santer said. "Without that commitment there will be no agreement in Florence."

Foreign Minister Lamberto Dini of Italy, who has been working urgently for a solution to prevent the beef crisis from overshadowing discussions of Europe's unemployment problem at the summit meeting, voiced hope that Mr. Major would be flexible. But Mr. Dini warned of the consequences if Mr. Major was not. He vowed that Italy would "use its prerogatives and carry out its duties so that decisions are taken by 14" if Britain blocks agreement by all 15 EC members.

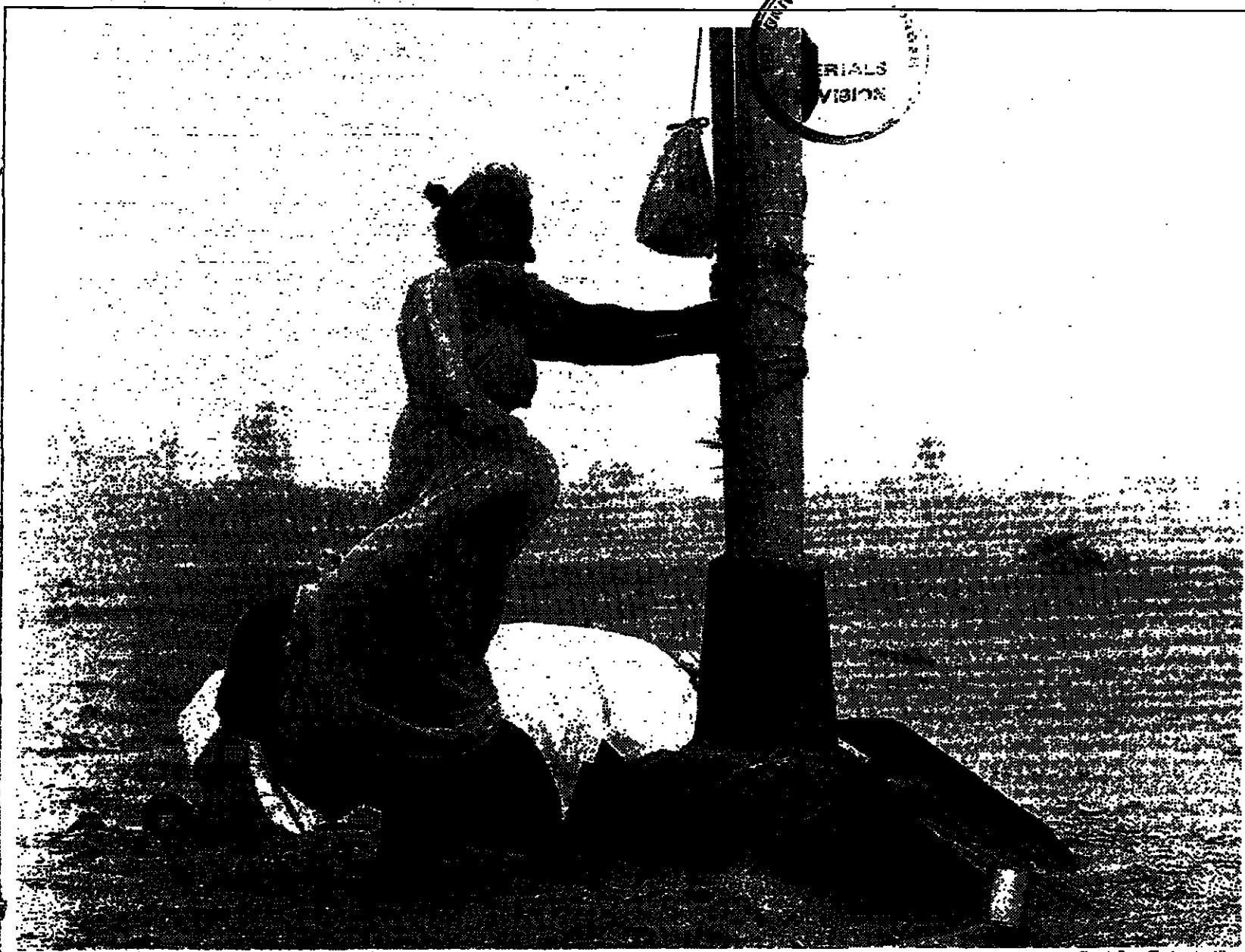
The Union imposed a ban on British exports of beef products on March 27 after the British government announced a possible link between bovine spongiform encephalopathy, or "mad cow" disease, and the fatal human brain condition Creutzfeldt-Jakob disease.

Since Britain retaliated in late May with its policy of noncooperation, it has blocked nearly 80 EU decisions or pieces of legislation.

Mutual suspicion has made a resolution difficult. Continental countries blame London for failing to address the problem for years.

The EU framework proposal envisages lifting the ban in four stages, involving different products, once Britain proves it has eliminated any risk of disease in the products. The products are cattle and meat from herds certified to be free from mad-cow disease; embryos; calves born after an unspecified future date; and meat from animals younger than 30 months, the age before which the disease appears.

A senior British diplomat spoke favorably of the proposal. But he insisted that Mr. Major would seek approval to export meat outside Europe and would demand assurances that Britain's compliance with the criteria would be judged objectively by scientists, and not stalled on political grounds.



NOT GONE WITH THE WIND — A woman, 80, holding on to a lamppost Wednesday as cyclone winds of up to 80 kilometers per hour hit Bombay.

Seoul Threatens to Use Force To Prevent 'Chaos' by Strikers

Compiled by Our Staff From Dispatches

SEOUL — The government vowed Wednesday to break up strikes as labor unrest threatened to cripple transport and industry across South Korea.

Workers at the Seoul and Pusan subway, the national telecommunications company and other public utilities said they were poised to strike Thursday.

"If the labor unions of those corporations go on strike then we plan to use force," Labor Minister Jin Nyum said. "We hope the unions will remain in control."

Strikes were already under way at two major automakers and a key auto parts company.

Mr. Jin imposed arbitration measures that prohibit walkouts for 15 days.

Government officials said the police were standing by to intervene, but union leaders said they were not cowed.

The head of a union coalition, Kwon Young Gil, warned of massive industrial action if force was used.

"If the government uses force or intervenes in the disputes," he said, "our members across the country will go on strike, industry by industry."

The unrest is being organized by a year-old coalition of unions, which has been outlawed by the government. The alliance, the National Federation of Democratic Labor Unions, has pledged to wage a nationwide campaign to lift restrictions on unions.

Other issues in the dispute are the unions' requests for a 24.4 percent pay increase and the reinstatement of workers dismissed for past labor protests.

The coalition represents 400,000 workers affiliated with 110 unions.

See KOREA, Page 8

Suddenly, Spain and Italy Are Abuzz for Europe

In Paris and Bonn, the Old Order Lingers

In Germany, East Drags Down the West

By Alan Friedman
International Herald Tribune

PARIS — Call it a role reversal between North and South.

When the 15 leaders of European Union governments begin their summit meeting in Florence on Friday, they will be treated to a paradox:

The one-time laggards of Southern Europe seem suddenly poised to make smoother progress in cutting their budget deficits and taking other steps toward closer economic integration than Europe's putative leaders from the North.

Among the main reasons for this unusual — and perhaps temporary — state of affairs is the fact that the recently installed governments of Italy

and Spain are still enjoying honeymoon periods, and each country has a new leader committed to a more European future and to austerity programs aimed at accelerating the march toward monetary union.

The general public in Southern Europe is also currently more enthusiastic than are people in the north about the idea of forging closer Europe-wide ties and launching a single currency.

By contrast, the governments of Germany and France seem bogged down and even haunted by the issues of the past. Helmut Kohl and Jacques Chirac are grappling with recalcitrant trade unions, with the threat of protests

By John Schmid
International Herald Tribune

FRANKFURT — While West Germans grudgingly pay the band, the music has stopped in Eastern Germany.

Two years ago, the tempo of economic growth in the five eastern states was ranked the fastest in Europe, thanks almost entirely to a colossal volume of subsidies from Western Germany. The payments kept uncompetitive companies afloat and Deutsche marks jangling in the pockets of Easterners.

But money, even to the tune of 150 billion DM (\$100 billion) annually, does not buy growth indefinitely. The Eastern economy is sputtering again,

and even contracted sharply in the first quarter. The failure of the government's largesse to bail it out has fueled fresh calls for abolishment of the payments, which have always been controversial, and has thrust Bonn's economic planners into a Catch-22.

"It is like a drug addict who needs his shot every couple of hours," said Joachim Fels, economist at Morgan Stanley Global Economics. "Despite the constant doses of transfers, things continue to deteriorate, and you need more and more to get the same effect."

To avoid "lasting dependence" on such massive welfare, the government concluded recently in a bleak report, it must settle for open-ended aid for the

See GERMANY, Page 8

Setting the Records in Art Forgery

By Alan Riding
New York Times Service

LONDON — The public, if not the art world, has always harbored a secret admiration for the true masters of art forgery, men like Han van Meegeren, who hoodwinked experts in the 1930s with his fake Vermeers, and more recently Eric Hebborn, whose drawings attributed to others passed through Sotheby's and Christie's on their way to American and European museums.

But most art fraud is far less glam-

orous. Rather than aiming for great coups, today's art forgers shy away from reproducing the works of Old Masters because all too many art historians have the necessary expertise to identify fakes.

Instead, they often prefer to turn out larger quantities of works that sell for smaller sums and appeal to a less vigilant market.

Now an extraordinary new scam has come to light here that illustrates the growing sophistication of art forgers. Accomplices of forgers were found to

have doctored the archives at the Tate Gallery so that when consulted by a prospective buyer of a painting or sculpture, the record shows that the fake is authentic.

"We've often seen fake documentation, but this is the first time I have come across tampering with research material by inserting documentation," said Constance Lowenthal, executive director of the New York-based International Foundation for Art Research. "It's very worrisome, particularly since we don't know the extent of it. We're a little nervous about whether this has happened elsewhere."

The Tate discovered the fraud in September and called in Scotland Yard, but the case was not publicized until this month, and even now few details have been disclosed. Several people have been arrested and released on police bail pending further inquiry.

There are reports that the archives at the Victoria and Albert Museum and the British Council were also tampered with in a racket that dates back some six years.

"We can confirm the investigation, but we've been asked by Scotland Yard

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SWEPT AWAY — Pierluigi Casiraghi, left, battling Thomas Helmer of Germany for the ball in a 0-0 game Wednesday night in Manchester that knocked the Italians out of the Euro 96 quarterfinals. Page 22.

AGENDA

Ban Would Hit Libya and Iran

WASHINGTON (AP) — The House of Representatives unanimously approved Wednesday new sanctions against Iran and Libya that would punish foreign companies that invest in the two countries, both accused of sponsoring terrorism.

The legislation is backed by the Clinton administration but has drawn criticism from European countries. The Senate passed a similar bill in December.

The bill mandates sanctions for investment of \$40 million or more in one year in Iran's energy sector, and for the sale of weapons, aviation equipment or oil equipment to Libya in violation of UN Security Council resolutions.

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THE AMERICAS

More Trouble for Clinton: White House Aide Is Named in Charge

By Brian Knowlton
International Herald Tribune

WASHINGTON — One of President Bill Clinton's closest aides and personal friends was named Wednesday as an indicted co-conspirator in a White House trial in Arkansas.

Coming just a day after the Republican majority on a Senate committee investigating the Whitewater affair accused the White House of abusing its power and of trying to "manipulate the truth," the announcement left the White House with no time to rest.

The status of indicted co-conspirator means that the aide, Bruce Lindsey, who is deputy White House counsel, will not be charged but can be called to testify. The phrase is redolent in Americans' minds of the Watergate affair that dogged the presidency of Richard Nixon.

"What is significant," said Michael McCurry, the White House spokesman, "in many long months of inquiry is that he was not indicted." Mr. McCurry said Mr. Lindsey would retain his White House post.

Mr. Lindsey has been subpoenaed as a defendant in the case, Robert M. Hill, Mr. Hill and a fellow Arkansas banker, Herby Branscum Jr., are accused of having arranged illegal contributions to Mr. Clinton's 1990 gubernatorial campaign, possibly in exchange for appointments to political posts.

The naming of Mr. Lindsey as an indicted co-conspirator means that the chief government witness in the case,

Neal T. Ainley, would be permitted to testify about conversations the two men held.

In 1990, Mr. Lindsey, who was treasurer for Mr. Clinton's campaign, arranged two cash withdrawals totaling more than \$50,000 for the re-election fund. The question is whether Mr. Ainley will allege that Mr. Lindsey told him to ignore a law requiring that the transactions be reported to the Internal Revenue Service.

Mr. Lindsey is one of the few Arkansas still in the innermost circle of Bill and Hillary Clinton. He has helped in White House efforts to explain and deal with the Whitewater issues.

The Arkansas trial is likely to continue through mid-July. The end of the trial, however, will bring no reprieve to the Clintons. Among possible remaining tribulations:

• Governor Jim Guy Tucker and James McDougal were convicted last month on unrelated fraud and conspiracy charges, and Mr. McDougal's ex-wife, Susan, was convicted on four felony counts related to a \$300,000 loan. The three have yet to be sentenced, and could still seek lighter sentences by cooperating with prosecutors.

• The House Government Reform and Oversight Committee opened its investigation Wednesday of the White House's ordering of FBI background files on at least 408 Republicans and on former employees of the White House travel office. Representative William Clinger, Republican of Pennsylvania,

said hearings could extend into August. • The Senate Judiciary Committee under the chairmanship of Senator Orrin Hatch, Republican of Utah, opens its own hearings into the FBI files affair Thursday.

• The FBI announced Tuesday that it was also investigating the files affair. The key questions to be examined: Who ordered the files, and for what use were they intended?

• The firings of White House travel office employees could also be headed for a grand jury. An earlier congressional investigation of the 1993 firings turned up the first evidence that Clinton aides had requested and received confidential FBI files on political opponents.

• Developments are also possible in the sexual harassment case filed by a former Arkansas state worker, Paula Jones, and which Mr. Clinton's lawyers have sought to postpone or dismiss.

• Federal grand juries in Arkansas and in Washington are continuing their investigations of Whitewater.

• Through all of this, Kenneth W. Starr, the independent counsel, is continuing his examination of the financing of Mr. Clinton's 1990 campaign for governor; of the travel office firings; of the disappearance and then reappearance of subpoenaed documents, which turned up in the White House, and the circumstances around the 1993 suicide of Vincent W. Foster Jr., who was a Clinton friend and White House aide. Mr. Starr, with an annual budget of \$6.6 million and a staff of 18 prosecutors, has been

investigating Whitewater for more than 22 months.

The Senate chapter of the Whitewater investigation closed Tuesday, with the committee's Republicans and Democrats issuing largely contradictory findings. But Whitewater hearings in the House Banking Committee, under Jim Leach, Republican of Iowa, ended inconclusively and could conceivably be reopened.

In political terms, analysts say, the FBI files affair could prove more damaging than Whitewater. It happened in Washington, not the Arkansas of the 1970s and 1980s. Some of the sharpest criticism has come not from Republicans but Louis J. Freeh, director of the FBI.

Up to now, the public has remained largely unmoved by the constant patter of charges, said Andrew Kohut, a non-partisan polling expert who is director of the Pew Research Center for the People and the Press.

Two-thirds of Americans surveyed say they pay little or no attention to Whitewater, he said. Many of those who do follow it judge it largely political and note that Mr. Clinton was "now in an adversarial environment — the campaign — with more and more focus on bad Whitewater news."

But that could change, Mr. Kohut said. "Watergate turned from something people refused to pay attention to, to something pretty major," he said, adding that Mr. Clinton was "now in an adversarial environment — the campaign — with more and more focus on bad Whitewater news."



Mr. Lindsey talking to reporters after his implication in Arkansas case.

POLITICAL

U.S. Tightens Security For Sensitive Files

WASHINGTON — As the FBI launches an investigation into White House requests for hundreds of background files, the U.S. government named a Reagan administration career appointee on Wednesday to oversee the handling of such sensitive documents.

Republicans are already crying foul over the FBI investigation, questioning whether the probe ordered by Attorney General Janet Reno will be truly independent. Congressional Republicans have pushed ahead with their own investigation into the mishandling of personnel documents by White House officials.

The White House counsel, Jack Quinn, announced that Charles Easley, who came to the White House 10 years ago, will handle future security operations. Mr. Quinn said the new, consolidated security office "will require that the person whose file is sought give consent in writing before we can even ask that information of the FBI." (AP)

South: An Issue Again

WASHINGTON — Two years after President Bill Clinton's advisers reluctantly concluded that he would have to concede the South to the Republicans in 1996, the president's home turf has suddenly become a contested region.

As a result, Bob Dole has unexpectedly been forced to devote attention to the South, which Republican leaders thought they had already locked up. Few strategists, either Democratic or Republican, believe that Mr. Clinton will ultimately be able to stem the Republican tide in the South. They doubt Mr. Clinton will do appreciably better there this November than he did in 1992, when he won only 5 of the 13 states in the region. Still, the latest New York Times/CBS

News Poll found that the president actually led Mr. Dole across the South by six percentage points. (NTT)

Buchanan for Dole?

WASHINGTON — The Republican presidential candidate Patrick J. Buchanan has moved quickly to quash a report that he had decided not to support the presumptive nominee, Bob Dole, for president and might be available as a third-party candidate.

Mr. Buchanan issued a denial within hours of a statement Tuesday by a veteran conservative activist that senior campaign officials had told him it was highly unlikely Mr. Buchanan would support Mr. Dole.

The Buchanan campaign press secretary, Greg Mueller, quoted Mr. Buchanan as saying there had been no change in his position. But Mr. Mueller added that the Buchanan camp had not yet made any decision regarding support for Mr. Dole. (WFP)

New Rules for Welfare

WASHINGTON — President Bill Clinton will direct states to implement rules that would require mothers to provide detailed information on the fathers of their children before they would be eligible for welfare.

Under the current law, administration officials say, efforts to establish paternity often occur long after a person is already receiving benefits.

The Department of Health and Human Services will devise more precise rules about what information a mother must provide, and states will be instructed not to send checks until the information is supplied. (WFP)

Quote/Unquote

Bob Dole on whether the Justice Department should be handling the investigation of White House requests for FBI personnel files: "I respect Attorney General Reno. But in a political year, it probably has to be someone else." (AP)

Dole Paints Clinton as Soft on Defense and China

By Thomas B. Edsall
Washington Post Service

SUNNYVALE, California — Bob Dole has accused President Bill Clinton of adopting policies that encourage terrorist nations to explore a nuclear attack on the United States and permit China to run roughshod over American industries.

"From Libya to Iraq to Iran to North Korea and elsewhere, a rogues' gallery of terrorists and aggressive anti-American regimes I believe are in effect being encouraged by the administration's attitude," Mr. Dole said this week at the Lockheed Martin Missiles and Space installation in this town near San Francisco.

"In the face of that fact, Mr. Clinton's opposition to a missile defense is one of the most negligent, short-sighted, irresponsible and potentially catastrophic policies in history."

But Mr. Dole, in the midst of a three-day campaign swing through California, got unwelcome news from the latest Field Poll, showing that Mr. Clinton has increased his lead over Mr. Dole in the state to 23 points. The poll, conducted June 10-16, showed Mr. Clinton ahead, 57 percent to 34 percent; in March, the poll had Mr. Clinton ahead, 55 to 39. Winning California, with its wealth of electoral college votes, is a major goal of both candidates.

In a broad statement of his prospective approach to military spending, Mr. Dole said,

"I hope it's understood that if I am going to make a mistake as president of the United States when it comes to defense spending, of spending a little too much or a little too little, I'm going to spend a little too much because if we don't spend enough, we are risking our liberty and our freedom."

Mr. Clinton has criticized the missile defense system as too expensive and said it would violate arms control pacts already in place.

A Clinton campaign press secretary, Joe Lockhart, said, "Bob Dole wants to build a missile defense system that

the nonpartisan Congressional Budget Office says will cost up to \$60 billion, the Joint Chiefs of Staff oppose and congressional Republicans have pulled off the House floor because of the ballooning cost estimates."

Mr. Dole also sharply criticized the administration's trade policy with China, particularly the agreement China signed this week to further control copyright piracy.

The agreement, Mr. Dole said, "is the latest event in a three-and-one-half-year saga of weakness and uncertainty in the Clinton administration's handling of economic relations with China," in which "high-profile threats" are followed by last-minute agreements the Chinese violate "on the day" of the signatures.

"There is simply no reason I can think of the Chinese are going to treat this agreement any different than they treated the last," Mr. Dole said.

Commerce Secretary Mickey Kantor disputed Mr. Dole's assessment. "No administration has stepped up to the plate before to put in place a system to monitor, enforce and to verify the crackdown of blatant and widespread piracy," he said.

Mr. Dole reserved his harshest fire, however, for Mr. Clinton's defense policy.

"The administration's hostility to defense has been like a sledgehammer aimed at the heart of the California economy, destroying some 215,000 jobs in this state alone, with thousands more at risk," Mr. Dole said, melding

his call for a tougher defense and missile with the job concerns of defense-industry employees.

Larry Stone, Santa Clara County assessor, appeared at the rally representing the Clinton campaign. He argued that Mr. Dole's call for expanded military spending was no longer relevant to the Silicon Valley economy, which has shifted from Pentagon contracts to civilian production.

"We have diversified our economy," said Mr. Stone. "We are no longer as dependent on space and defense as we used to be."

Jim Graham, a spokesman for Lockheed Martin, said the company had no complaint with the Clinton administration's level of support of major missile contracts.

Slumber Party Slayer Is Found Guilty

By Mary Curtius
Los Angeles Times Service

SAN JOSE, California — Richard A. Davis has been found guilty of the kidnapping and murder of Polly Klaas, a 12-year-old girl who was giving a slumber party, a crime that makes him liable for the death penalty.

Mr. Davis, 42, listened impassively as the verdicts were read Tuesday, then turned and made an obscene, dismissive hand gesture to a TV camera that was broadcasting the proceedings from inside the courtroom in San Jose.

"He was showing us what

he is, just a contemptible little punk who's been flipping off society since Day One," said Mark Klaas, Polly's father.

Polly's family, including her father, had been sitting in the front row of the courtroom holding hands as the court clerk read the verdicts. B.J. Klaas, Polly's grandmother, wept quietly.

It was unclear if the jury — which will decide at another time if Mr. Davis should be sentenced to death or life in prison without the possibility of parole — saw the gesture.

But the prosecutor, Greg Jacobs, said he would use videotape of Mr. Davis's ges-

ture during the coming penalty hearing if defense attorneys tried to present evidence that Mr. Davis felt remorse for the murder.

The jury found Mr. Davis guilty of all 10 charges, including special circumstance counts of kidnapping, robbery, burglary and attempting to commit a lewd act with a child. Conviction on any one of the special circumstances would have made Mr. Davis liable for the death penalty.

"We're halfway home," Mark Klaas said.

Barry Collins, the public defender representing Mr. Davis, conceded from the outset of

the trial that his client killed Polly after kidnapping her, but said there was no evidence of his having committed a lewd act during the crime.

The penalty hearing is scheduled to begin July 1. Mr. Davis was found guilty of murdering Polly after abducting her at knifepoint from her bedroom as she played with two other girls during a slumber party Oct. 1, 1993. Her mother, Eve Nichols, was sleeping in the next room.

After an extensive manhunt, Mr. Davis was taken into custody and confessed, leading police to Polly's body on Dec. 4, 1993.

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Away From Politics

• Thirteen of 14 newly jailed members of the Freemen anti-government group have been ordered held without bond by a federal magistrate in Billings, Montana, who said that they posed a threat to the community and would probably flee to avoid prosecution. (NTT)

• A 26-year-old New Yorker who was arrested after a wild but bloodless shoot-out with police officers has been linked to the shootings of four men in 1990, police officials said. At the time of those shootings, someone calling himself Zodiac sent letters filled with astrological references to news organizations and the New York police, saying that he had shot the victims. (NTT)

• Four men have been arraigned in Boston following an attack by some 40 men using bats, chains, pipes and pool sticks on several dozen mostly Salvadoran immigrants playing soccer, prosecutors said. (AP)

• Two army helicopters collided over Fort Campbell, Kentucky, during a mock battlefield rescue mission, killing six soldiers and injuring 30 people, witnesses said. (Reuters)

• A Dallas-area woman who said an intruder stabbed her and killed her two young sons in their home two weeks ago has been charged in the boys' slayings. (AP)

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THE WORLD'S DAILY NEWSPAPER

ASIA/PACIFIC

Finance Plan Strains India Coalition

NEW DELHI — The first cracks in the broad coalition governing India appeared Wednesday as Communists and trade unions assailed an austerity plan and the previous prime minister warned that his party's support could be provisional.

Two leading Communist parties criticized as "anti-people" the austerity plan announced by the Finance Ministry on Monday. It would cut debt and

streamline state-controlled enterprises.

"Instead of tapping the big monopolists and landlords for resource mobilization," the Politburo of the Communist Party of India-Marxist said, "the finance minister has declared a war on the hard-earned earnings of the public and the working class."

"Only the workers are being asked to make a sacrifice," said the general secretary of the Communist Party of India, Indrajit Gupta. "What about the richer

sections? The whole thing is ill balanced."

A dozen unions and government workers' groups also denounced the plan in a joint statement, calling it an attack on them and an attempt to "pauperize" workers.

The unions said that if the government insisted on the measures, the employees would strike.

"Why does not the government stop evasion of taxes and duties, ostentatious lifestyle of ministers and bureaucrats and foreign trips at the drop of a hat?" asked S.R. Rao, secretary of the Indian Trade Union Congress.

But Finance Minister P. Chidambaram sought to allay concerns about the future of the economic reforms under the new government.

"There is a real consensus" among the coalition partners, Mr. Chidambaram told a meeting of overseas Indians in Singapore, and that consensus will get stronger.

"We can aim higher," he said of the reforms. "And we can achieve more."

Mr. Chidambaram, who served as commerce minister in former Prime Minister P.V. Narasimha Rao's government, came under fire for the austerity plan, which aims to slash 30 billion rupees (\$575 million) from annual government spending and keep a lid on public sector jobs and wages.

The Finance Ministry has already said that workers' wages will not be cut under the austerity program because they would be adjusted for inflation.

No government employee will be laid off, it added, as the plan aims to reduce the payroll by restricting new hiring.

Mr. Rao added to fears the coalition might fall apart when he said his Congress (I) Party would withdraw its crucial support if the government committed "grave errors."

"It is not a blind support," Mr. Rao told supporters in the coastal state of Orissa, the Press Trust of India reported. "We will be forced to reconsider our support if the new government commits grave errors detrimental to the interests of the country," he said.

(Reuters, AFP, AP)

Burma Hints at a Dialogue

But Japanese Report Opposition Leader Faces Arrest

RANGOON — Burma's military government said Wednesday that it was doing all it could to move toward dialogue with the pro-democracy opposition leader, Daw Aung San Suu Kyi, but a Japanese daily newspaper said that the government was preparing to arrest her. "Realizing dialogue is needed for genuine reconciliation," a commentary carried in Japanese newspapers said, "cordial relations are being established for peace."

But it added that the ruling State Law and Order Restoration Council wanted the opposition to show some flexibility if talks take place.

The Mainichi Shimbun, quoting unidentified sources in Tokyo, reported that Daw Aung San Suu Kyi could be arrested by the end of the week.

Diplomats and analysts in Burma dismissed the report, saying that such rumors had been circulating in Rangoon for several weeks and that there was no suggestion that an arrest was imminent.

The opposition leader said she did not fear arrest, adding that such a move would damage the military government more than it would her party, the National League for Democracy.

"You can't participate in politics in Burma if you fear arrest," the Japanese newspaper quoted her as saying. "A

dictatorial government arrests anybody, anytime."

The Burmese Embassy in Tokyo said that the government had no intention of arresting Daw Aung San Suu Kyi, a Japanese government spokesman said.

Since her release last July after nearly six years of house arrest, Daw Aung San Suu Kyi has been calling on the government to hold democratization talks. But the military rulers have never accepted the requests, instead describing the winner of the Nobel Peace Prize and her party as "lackeys" and "goons" of imperialists who want to rule Burma.

Other state-run media said in commentaries Wednesday that foreigners should not meddle in Burmese affairs.

"Those outside the country, who are sabotaging peace, are on notice to keep their hands off Myanmar," the New Light of Myanmar newspaper said, using the official name of the country.

35 Said to Be Still Held

At least 35 Burmese pro-democracy politicians remain in jail following the military government's crackdown against the opposition last month, Amnesty International said Wednesday, Reuters reported from Bangkok.

The human rights organization said eight of them had been arrested recently.



CULT SUCCESSION—Ajitanatha Durga, daughter of the Japanese guru Shoko Asahara, saying her infant brothers, 2 and 3, were now leaders of his Aum Shinrikyo sect. He is charged in the toxic gas attack on the Tokyo subway last year.

A Japanese Flight Issue

Agence France-Presse

TOKYO — Transport Minister Yoshiyuki Kamei has ordered a survey of Japanese-speaking flight attendants on foreign airlines following the crash of an Indonesian jet in Fukuoka, a spokesman said Wednesday.

Many of the 256 Japanese passengers aboard the Garuda Indonesia Airways DC-10 complained about the Japanese-language ability of the crew in the emergency evacuation. The plane overshot the runway during takeoff and burst afire.

Three Japanese were killed and 99 injured. There were only four non-Japanese passengers aboard.

BRIEFLY ASIA

Protest Strike Set in Pakistan

ISLAMABAD, Pakistan — Pakistan's main opposition alliance on Wednesday called for a general strike on Sunday to protest the austerity budget announced last week by Prime Minister Benazir Bhutto's government.

An opposition leader, Nawaz Sharif, called on all businesses to close for the day, but he said the shutdown would not apply to transport. "It is a killer budget," he said. "It will bring more and more misery in the life of the common man." (Reuters)

Rift Could Go to World Court

KUALA LUMPUR — Indonesia will let the World Court resolve its dispute with Malaysia over two islands off Borneo if talks fail, Foreign Minister Ali Alatas said Wednesday.

The two countries have overlapping claims on the small islands of Sipadan and Ligitan, and Indonesia wants to resolve the problem amicably. Mr. Alatas was quoted as saying by Malaysia's Bernama news agency.

"We are ready to solve it legally and we are ready to solve it politically," he said, adding that both countries had documents to support their respective cases. (AFP)

Manila Group Admits Slaying

MANILA — A Communist urban guerrilla group on Wednesday claimed responsibility for the assassination last week of a former paramilitary colonel accused of human rights abuses during the rule of the late dictator Ferdinand E. Marcos.

A statement by the Alex Boncayao Brigade came a day after the victim, Rolando Abadilla, was buried. He was gunned down in his car June 13 in a daylight ambush.

"Revolutionary justice has finally been meted out on Colonel Rolando Abadilla," the group said in a statement sent to news agencies. It was signed by the group's spokeswoman, Laura Melchor. (AFP)

VOICES From Asia

Megawati Sukarnoputri, a leader of the opposition Democracy Party of Indonesia, announcing the expulsion of 16 rebel board members after a move against her leadership: "Their unilateral action is clearly a coup d'état against the lawful leadership." (AFP)

Domingo Siazon, the Philippine foreign secretary, calling for a stronger regional body to resolve conflicts: "Unfortunately, the U.S. presence and the ASEAN Regional Forum are nowhere near enough to guaranteeing the long-term regional stability." (AFP)

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Awami League Falls Short of Majority

Compiled by Our Staff From Dispatches

DHAKA, Bangladesh — The Awami League failed to win an absolute majority in new voting Wednesday in 27 districts disrupted by violence and irregularities during general elections June 12.

The League won 11 seats in the new voting, raising its total to 145 in the 300-seat Parliament. Only four more seats remained to be decided, leaving the Awami League short of a majority even if it wins them all.

Hasina Wazed, the League leader, had already been promised the support of the Jani Dal, which ran third in the voting, but President Abdur Rahman Biswas has not yet invited her to form a government.

In the voting Wednesday, her party picked up one more seat than the 10 captured by the Bangladesh Nationalist Party of former Prime Minister Khalida Zia, which now holds 114.

Janiya, which is held from prison by former President Hussain Mohammed

Ershad, gained two seats, for a total of 31.

The second round of voting saw a good turnout despite rain and fears of violence. It was ordered by the Bangladesh Election Commission and overseen by international monitors.

"Last time I could not vote because of violence," said Noorjahan Begum, a housewife. "But this time I am here to vote for good."

Sheikh Hasina is to be elected the parliamentary leader of the Awami League on Friday, when legislators take the oath of office. That will clear the way for her to become the second female prime minister in Bangladesh, after her archrival, Khalida Zia.

Her father, Sheikh Mujibur Rahman, led Bangladesh to independence from Pakistan in 1971 but was murdered in 1975 in a coup that inaugurated a cycle of violent upheaval and military rule.

Sheikh Hasina warned Wednesday that despite the election verdict for her

party, "conspiracies are still going on to frustrate the mandate."

Begum Zia, in turn, said her party "will resist any conspiracy to establish fascism in the name of democracy."

3 More Officers Dismissed

President Biswas has retired three more army officers as part of a purge of the military, defense sources said Wednesday, Reuters reported from Dhaka.

Major General Ezaz Ahmed Chowdhury, director-general of the Bangladesh Rifles, Major General Golam Quader, chief of the army's engineering corps, and his deputy, Brigadier Abdur Reza Khan, were cashiered, the sources said.

Mr. Biswas dismissed the army chief, Lieutenant General Abu Saleh Mohammed Nasim, and six other officers in May following a reported abortive mutiny, and ordered the retirement of four other officers earlier this week.

(AFP, Reuters)

BOOKS

ROSEBUD:
The Story of Orson
Welles

By David Thomson.
Illustrated. 461 pages. Alfred
A. Knopf, \$30.

Reviewed by
Michiko Kakutani

JEAN Cocteau described him as "a kind of giant with the look of a child, a tree filled with birds and shadow," a

"wise madman," a "pupil asleep in class." Jeanne Moreau compared him with a "destitute king," unable to find a kingdom commensurate with his dreams. And Kenneth Tynan hailed him as "a genius without portfolio."

Certainly the bare outlines of Orson Welles's early life are remarkable enough: by the time he was 10, he had written a critique of Nietzsche's "Thus Spoke Zarathustra;" at 16, he starred in a production

at Dublin's Gate Theatre; at 20, he directed a groundbreaking production of "Macbeth" in Harlem; at 23, he pulled off a radio hoax that panicked people up and down the East Coast, and at 26, he created "Citizen Kane," one of the enduring masterworks of modern cinema.

Put together these achievements with Welles's own outside personality and his bravura talent for self-dramatization, and you have a natural magnet for biographers.

Already, we have been treated to a gallery of portraits, ranging from the skeptical (Charles Higham's "Orson Welles: The Rise and Fall of an American Genius") to the worshipful (Barbara Leaming's "Orson Welles: A Biography"), the mild-mannered (Frank Brady's "Citizen Welles") to the psychologically acute (Simon Callow's "Road to Xanadu," which appeared just last January).

André Bazin and James Naremore have written thoughtful appraisals of Welles's oeuvre, and Robert L. Carringer has anatomized the evolution of "Citizen Kane."

So what remains to be said about Orson Welles? Well, in "Rosebud: The Story of Orson Welles," film critic David Thomson eschews the effort to give us another comprehensive biography. Instead, he has chosen to write a quirky, highly subjective book, vaguely reminiscent of Peter Ackroyd's bizarre 1990 study of Dickens — that's peppered with speculation about "our imagined Welles" and digressions about the author's own experiences.

As the book's title suggests, Thomson seems to have wanted to create a kind of prose equivalent to "Citizen Kane," with Welles, instead of Kane, as the subject of a detective-like inquiry into the past. He suggests at the beginning that Welles was "a rosebud that never quite

bloomed," and notes, near the end, that "I'd like the readers to go away as muddled in their feelings as everyone left behind after Kane's death."

Like Welles, Thomson tries to use his bravura style to create an atmosphere of foreboding, and like Welles, whom he says "never mustered much more than a passing interest in anyone except himself," Thomson repeatedly brings the story back to himself. At one point, he even declares, "I fear I'm like him." (As though the reader cared!)

The book's strongest sections involve the analysis of Welles's style and his evolution as an artist: the ways in which his knowledge of theater and radio informed his cinematic technique; ways in which he used his expertise to continually explore the themes of friendship and betrayal, themes rooted in his own life and his contentious relationship with the studios he blamed for his downfall.

Thomson succinctly communicates the astonishing breakthroughs represented by "Citizen Kane" and takes issue with Pauline Kael, who famously gave Herman J. Mankiewicz much of the credit for writing the movie.

His readings of other films are decidedly idiosyncratic. He complains, for instance, that "The Lady From Shanghai" suffers from "boredom, laziness or impatience in its maker," and takes "Chimes at Midnight" to task for its lack of continuity and its depiction of Falstaff as a surrogate for Welles.

He says that Welles was a ham actor (at least most of the time) and argues that he "was not a very original thinker." He was "a genius," Thomson writes, "who always needed to acquire, borrow, beg or steal."

Michiko Kakutani is on the staff of The New York Times.

BRIDGE

By Alan Truscott

THE fourth in an unusual series of matches was played recently at the Capitol Hill Club in Washington. It was Corporate America vs. Congress, and it raised about \$100,000 for the American Contract Bridge League's Educational Foundation and for the League for the Hard of Hearing.

Corporate America was led by Warren Buffett of Omaha, the legendary investor. The congressional team was headed by Representative Jim Leach of Iowa, the House banking committee chairman.

He was supported by Senator Hank Brown of Colorado, Senator Kay Bailey Hutchinson of Texas, Senator Conrad Burns of Montana, Representative James Talent of Missouri, and Representative Jim Bunning of Kentucky, a former pitcher who threw no-hitters in both the American and National Leagues.

The Congress team, which had come close to victory three years earlier, was out-gunned on this occasion, losing by 65 imps in a match of 44 boards. The diagrammed deal contributed to this result.

Alan Greenberg, chairman of Bear Stearns, sat South, playing with Laurence Tisch,

former chairman of CBS, and brought home a four-heart contract by well-timed play. He won the opening spade lead with the queen, crossed to the heart ace and ran the jack for a successful finesse. He then cashed the king and ace of diamonds and ruffed a diamond, stripping East in that suit.

South led to his heart king and played spades. If East had ruffed with his heart winner, he would have been forced to lead clubs, permitting the king to score. He therefore discarded twice, but without improvement. Greenberg simply ruffed dummy's last spade, bringing home a game that failed in the replay.

Neither side was vulnerable. The bidding:

West led the spade jack.

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EUROPE

The Bosnian Riddle: Who's in Charge Here?

Ethnic Pressures Undercut Peace Effort

By John Pomfret
Washington Post Service

SARAJEVO, Bosnia-Herzegovina Halfway into the most significant U.S. involvement in European security since the end of the Cold War, the mission to bring lasting peace to Bosnia stands at a crossroads between permitting partition of the country along purely ethnic lines or truly seeking to establish the multiethnic state endorsed by the Dayton peace accord.

Bosnians from all ethnic groups, Western European officials, U.S. diplomats and military officers have said in

NEWS ANALYSIS

interviews that the bold American diplomatic and military leadership that imposed an uneasy peace on Bosnia six months ago has crumbled into a cautious enterprise that is now regularly compared with the ill-fated United Nations mission that preceded it.

The accord, crafted late last year in Dayton, Ohio, was intended to bridge the political, economic and psychological chasms hewed by three and a half years of war among Bosnia's Serbs, Muslims and Croats. But the mission of 50,000 troops and a huge Western aid effort have failed so far to narrow those gaps.

For the first time in four years, nobody is expected to die in battles in Bosnia this summer. But Bosnia's war has continued on other levels and in other ways.

Today, rival nationalists are stepping up plans to carve Bosnia into an explosive mix of three ethnically homogeneous fiefdoms, despite the expressions by countless Bosnians that they are prepared to live together again.

Although the right of Bosnians to return to their homes is guaranteed under the Dayton pact, virtually no Muslim families have ventured back to live in Serb-held territory; fewer than 400 families of Croats and Muslims have returned to each other's regions; and many Serbs who wish to come back

to Muslim-majority Sarajevo have been hounded out of town, according to Kris Janowski, a spokesman for the United Nations High Commissioner for Refugees.

The only bright spot in recent months was the signing last Friday of an agreement limiting the arsenals of the Bosnian factions, as well as those of neighboring Croatia and Serbia. But that, too, was delayed by disputes among factional leaders.

Halfway into the yearlong implementation of the Dayton deal, the NATO mission and its diplomatic and economic counterparts appear unsure of how to proceed. Dayton signaled Washington's willingness to stay engaged in Europe's future, to support Bosnia's moderate Muslims as Islamic militants tried to gain influence in the region and to challenge the menace of ultranationalism, offering multiculturalism and pluralism as antidotes. A collapse of the accord would damage U.S. efforts on all those fronts.

Accepting the partition of Bosnia into three ethnic ministates would amount to a recognition that the Dayton agreement has failed, and many officials fear that a new war would begin over the scraps of a disintegrating country. But resuscitating the Dayton process has its own risks — particularly to NATO soldiers.

Some officials, including a number of U.S. diplomats and officers, charge that President Bill Clinton's re-election bid, and not conditions in Bosnia, prompted the decision in Florence to keep Bosnia's elections on track for September despite widespread concern that none of the preconditions required by the Dayton accord — freedom of speech, press or association — has been met. They cite White House worries that a more robust approach in Bosnia could result in deaths among the 18,000 American soldiers stationed there.

Others say that the Americans have simply acquiesced to a plan long favored by the Europeans: carving Bosnia into Serb and Croat spheres of influence and giving the Muslims "a garden" in between.

Some of those interviewed, especially hard-line Serb and Croat nationalists, said they fear renewed American leadership could mean an end to their dreams of merging one side of Bosnia with Croatia and the other with Serbia. Others, including several senior U.S. officers and diplomats, contend that the Clinton administration must rise to the challenge, arguing that the United States is the only country with the capacity to lead its European partners in Bosnia.

"Washington has got to step up to the plate," said a U.S. Army colonel. A colleague in the Marine Corps added: "It's easy to blame the guys on the ground, and I think the White House is happy about that, but we're soldiers, and we do what we're told by the politicians. And the politicians are telling us to do nothing."

John Kornblum, the assistant secretary of state for European affairs and the administration's point man on Bosnia, cautioned against such a view, which he said involved a desire for quick fixes that "will change the course of history."

"A lot of people are looking for silver bullets, and this process does not lend itself to silver bullets," he said. "It lends itself to long-term hard work."

But critics of the NATO mission argue that it simply is not doing its job. First, the mission has fought off suggestions that it arrest alleged war criminals, specifically Radovan Karadzic, the Bosnian Serb leader, because of the risk of casualties and of appearing prejudiced against the Serbs, who make up the majority of those indicted by the international war crimes tribunal in The Hague.

Mr. Karadzic, who is charged with genocide and crimes against humanity, has been identified by a number of officials as one of the main impediments to carrying out the Dayton agreement. His departure from the scene, particularly before the Bosnian elections, is considered a precondition for the Dayton plan's success.

"I know it's tiring to hear it's not my job, but until somebody makes it our job, we're not going to go war-crime hunting," said Brigadier General John Sylvester, deputy chief of staff of the NATO mission.

He added that the entire Dayton mission could come crashing down if NATO troops apprehended the Serb leader.

sharply accelerated the trend in Spain. The conscript army has also fallen on hard times in Germany, where 160,000 young men last year declared themselves conscientious objectors — exceeding the previous peak of 151,000 in 1991, when the Gulf War broke out. The debate on ending compulsory service has become more open since the French decision.

With the end of the Cold War changing attitudes about security needs, the British, Belgians and Dutch have done away with mandatory service. The Italians, Portuguese and Russians are headed in the same direction. Austria and Norway are talking about it.

Around Europe

The rebuilding of Berlin — making Germany's onetime capital into Germany's future capital — has turned the center of the city into an enormous construction site. This transformation is so spectacular that it has generated a new sort of tourism: "construction tourism," reports the Paris daily *Libération*. There are as many as 800 major sites under con-



British troops setting up a checkpoint Wednesday near Belfast, as fears of renewed IRA attacks grow.

Allies End Sea Vigil In Adriatic as UN Lifts Its Arms Ban

BRUSSELS — NATO and the Western European Union lifted their naval blockade in the Adriatic on Wednesday after a decision by the United Nations to end its arms embargo against the states of the former Yugoslavia.

"Enforcement operations have been suspended, but Operation Sharp Guard has not yet been terminated," a NATO statement said. "NATO and WEU ships will no longer challenge, board or divert ships in the Adriatic."

The combined force challenged 73,000 ships during its operation. More than 5,800 were inspected at sea and nearly 1,400 were diverted and inspected in port.

Tighter Security for Ireland Talks

The Associated Press

BELFAST — Police closed the main shopping streets in some predominantly Protestant towns in Northern Ireland on Wednesday, fearing violence by the Irish Republican Army as peace talks reached a key deadline.

Police manned road checkpoints in Belfast and shut some roads to traffic in other cities for the first time since the IRA declared a cease-fire in 1994. The IRA resumed attacks in England in February, but so far has not struck in Northern Ireland.

Wednesday was the deadline set by the nine parties participating in the talks and the British and Irish governments to agree on rules and an agenda for discussions on Northern Ireland's political future.

The largest Protestant party, the Ulster Unionists led by David Trimble, agreed last week that the U.S. envoy

George J. Mitchell could be chairman of the talks temporarily, but only if new terms of his role were agreed on by the end of talks Wednesday.

Sinn Féin, the political arm of the IRA, has been barred from the negotiations because of resumed attacks by the IRA. A bomb that wounded more than 200 people in Manchester, England, on Saturday has heightened fears that violence may break out again in Northern Ireland. Town centers in Northern Ireland were frequent targets in the past.

Mr. Mitchell, working to build confidence with the pro-British parties representing majority opinion in Northern Ireland, offered new proposals on his powers late Tuesday, Mr. Trimble said, adding that the proposals represented "a significant shift."

Mr. Trimble has faced criticism from two hard-line Protestant leaders, the

Enthusiasm For the Euro Seems to Wane

Agence France-Press

LONDON — The British, Germans, French and Belgians are all opposed to the introduction of a single European currency, according to a poll published Wednesday by *The Independent*.

The question put by the Harris polling institute was: "Should there be a single European currency with key decisions on interest rates and monetary policy taken by a new European central bank?"

Of the Belgians polled, 50 percent said "no" to a single currency compared with 40 percent "yes."

In France, 55 percent opposed monetary union against 43 percent in favor, while 70 percent of Germans rejected the Euro with just 29 percent supporting the move to a single currency.

Unsurprisingly, 78 percent of the British were against the abolition of the pound.

The question asked in the poll published Wednesday was more detailed than the one put by the European Commission in its regular polls on monetary union. The *Independent* commented.

According to the newspaper, the new poll elicited a radically different response, especially in France and Belgium.

Communists Back Italy's Extra Budget

ROME — Prime Minister Romano Prodi received swift backing Wednesday from the Communist Refoundation party for his government's 1996 supplementary budget.

The party's approval of the package of corrective measures, which is the first major task to be tackled by Mr. Prodi's new center-left government, will almost certainly guarantee its swift ratification by Parliament.

Mr. Prodi's team of economic ministers outlined the package to parliamentary party leaders Wednesday, saying they hoped to cut the runaway deficit this year by 16 trillion lire (\$10.4 billion) through spending cuts and new revenue.

The corrective plan became necessary because the 1996 budget was overshooting its target of cutting the deficit. The additional budget is aimed at ensuring that Italy will join the single European currency in 1999.

After meeting Treasury Minister Carlo Azeglio Ciampi and Finance Minister Vincenzo Visco, the parliamentary chief of the Communist Refoundation party, Oliviero Diliberto, said that the budget was acceptable even if it did not confront structural problems.

Mr. Prodi's government has a safe majority in the Senate, or upper house of Parliament, but falls short of a majority in the lower house.

Backing from the Communist Refoundation party ensured that Mr. Prodi won an initial vote of confidence.

The supplementary budget is the first test of relations between Mr. Prodi and the Communist Refoundation party, as he battles to contain a growing hole in state accounts and at the same time to keep Italy within sight of possible membership of a single European currency.

BRIEFLY EUROPE

Turkey Assails Greek Pact

ANKARA — Turkey condemned on Wednesday a military cooperation agreement between Greece and Armenia, accusing Athens of committing a hostile act.

The pact and statements by senior Greek officials after it was signed Tuesday "reveal their true intentions and are added proof of the policy of regional tension pursued by Greece," a Foreign Ministry spokesman said.

"Greek initiatives to surround Turkey militarily are attaining proportions threatening peace and stability in the region," said the spokesman, Omer Akke. (AFP)

ETA Suspected in Attack

SAN SEBASTIAN, Spain — A car bomb exploded Wednesday in the garage of a business federation here, wounding three people.

There was no immediate claim of responsibility, but the Basque Interior Ministry said the bomb had been attached to the chassis, a technique often used by the Basque separatist group ETA.

The car was parked in the garage of a Basque business federation, Adegui, and belonged to its chairman, José María Ruiz Urchegui. The bomb detonated when his nephew tried to move the car. The nephew was seriously injured and later had both legs amputated below the knee. Two women sustained minor injuries. (AFP)

Paris Immigrant Roundup

PARIS — Police investigating an alleged drug ring rounded up 75 immigrants Wednesday in a raid on a workers' dormitory, jailing 69 of them who could not prove legal resident status.

Twenty police officers conducted the raid on the orders of a judge investigating drug traffickers, but only two of the detainees were suspects in that case. (AP)

Reprieve for Swedish Spy

STOCKHOLM — The government granted a reprieve Wednesday to Stig Bergling, who has been serving a prison term for selling state secrets to Moscow in the 1970s. His sentence was commuted from life to 23 years. That could make him eligible for release as early as July 1997.

Mr. Bergling, 59, served eight years before escaping in 1987. He lived in Eastern Europe, Russia and the Middle East and then turned himself in to Swedish authorities in 1994. (AFP)

3 Firebombings in Berlin

BONN — Firebombs were thrown into three Turkish travel agencies in Berlin, and the police said Wednesday they had found a leaflet near one of the agencies expressing solidarity with Kurdish hunger strikers.

No one was hurt in the attacks. (Reuters)

Calendar

European Union events set for Thursday:

LUXEMBOURG: Special council of EU energy ministers.

STRASBOURG: Plenary session of European Parliament, until Friday.

FLORENCE: Competition Commissioner Karel van Miert and Transportation Commissioner Neil Kinnock attend meeting of EU Socialist Party leaders.

BRUSSELS: Internal Market Commissioner Mario Monti meets with Laurette Onkelinx, leader of Belgium's French community. Sources: Agence Europe, AFP

EUROPEAN TOPICS

Volunteer Armies Are on the March

The French decision to move toward an all-volunteer army was a shot heard around much of Europe. The move appears to have made it easier for the new Spanish prime minister, José María Aznar, to embrace a step he already favored, reports the French weekly *Le Point*.

The remade Spanish Army is very likely to emerge in 2002, meaning that Spaniards born after Jan. 1, 1984, will be uttering a collective sigh of relief. But some young men aren't waiting. Already, nearly a third of eligible conscripts are choosing to do 12 months of alternative civilian service rather than 9 months under arms. The debate about an end to mandatory service has

struction and thousands more minor ones. A visitor can travel between eras: The old Reichstag is but a shell, devoured by bulldozers; the future federal chancellery, for now, is piles of sand; but chic new buildings, like the one housing the Galleries Lafayette department store on the Friedrichstrasse, have already opened their doors. Berlin tourism officials were expecting 350,000 visitors this year, but in the first six months they have welcomed nearly 600,000.

Despite "mad cow" disease, Chernobyl and the scandal over AIDS-contaminated blood, the French retain a high degree of confidence in scientists. In a poll for the weekly *L'Express*, 40 percent of those surveyed said they looked first to scientists and researchers "to improve living conditions and bring progress." Only half that number counted on business leaders, even less faith was placed in political leaders (16 percent) and philosophers (8 percent). Men of religion offer not a prayer of help, in the public eye, at a mere 4 percent. *International Herald Tribune*

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INTERNATIONAL

With Clan Wars Hindering UN Food Aid, Somalians Are Fleeing

By James C. McKinley Jr.
New York Times Service

KISMAYU, Somalia—In the last six weeks, more than 9,000 people have fled from food shortages caused by drought, floods and clan warfare in the Juba River valley, just north of this devastated port city, United Nations officials and local Somali leaders say.

For weeks, tattered groups of malnourished people, mostly women and children, have been struggling into Kismayu from the ravaged lands to the north. About 6,000 displaced people now live in makeshift camps around the city.

About 3,000 more hungry people have fled from the Juba Valley toward the Kenyan border, where Kenyan authorities have refused to let them enter. They are camped in a no-man's-land

between the border and the Somali town of Dhoobley, officials said. At least seven people have died of starvation in that camp.

UN officials say clan fighting in the region has hampered relief efforts and has made it too dangerous for their workers to investigate how bad the food shortage is or how many people have died. But they said that if the grain crop usually harvested in July and August failed, a full-scale famine will settle on the valley.

"There is a lack of food in the Juba Valley, but not yet at the level that we can call starvation," said Gerard Van Dijk, the Somalia director for the UN World Food Program. "The situation is bad. It is not yet a disaster. But there will be a disaster if there is a lack of harvest."

Somalia has been without a central

government since 1991, when rebels overthrew the president, Mohammed Siad Barre. Soon after the coup, rival clan leaders struggling for power turned their guns on each other. In the chaotic war that followed more than 30,000 Somalis were killed in battles and another 300,000 people died of famine brought on largely by the fighting.

In 1992 the United Nations sent in peacekeeping troops, led by the United States, and large shipments of food. Though the mission managed to slow the famine, it failed to make peace between the warring clans.

Since the UN troops withdrew in March 1995, the country has splintered into several parts, each governed by a different clan warlord. These clans have been in an almost perpetual state of war as their military leaders try to expand their territories.

The current food shortages appear to be concentrated along the Juba River between the towns of Bu A-Ale and Gobuen, a region that has been plagued not only by a lack of rain over the last two years, but also more recently by floodwaters flowing out of Ethiopia, where there has been too much rain.

Last week, the United Nations distributed about 58 tons of emergency food to 2,200 families in villages around the town of Marerey, but fighting has made it hard to do much more, officials said.

People who have fled the region said hunger was once again killing people in the fertile breadbasket of central Somalia, where hundreds of thousands of people died during the famine in 1992.

Mana Ibrahim, 22, from the village of Kobon, near the town of Jumama, said her fields were dried up and her husband

was robbed and killed while fishing in the river about a month ago.

Her oldest child, who was 4, died of starvation two weeks later, she said. Her other child, a tiny, bony boy less than a year old, with listless eyes, has survived only on breast milk. She herself had to be brought to Kismayu in a wheelbarrow by a relative a few days ago because she was too weak to walk.

"Because of hunger," she said. "There has been no rain."

The emaciated baby in her arms began to cry.

"I'm worrying still that he will die of hunger," she said. "For the whole day he has had nothing to eat."

Narinda Sharma, the UNICEF representative in Kismayu, said two years of drought in the river valley have devastated the crops, creating shortfalls of staples like sorghum and grain.

Then, in May, heavy rains in Ethiopia caused flooding that affected Somalia as well. Not only has the Juba overflowed its banks, but the nearby Shabelle River is also flooded. Where there was too little water and parched land, there is now too much, UN officials say.

To make matters worse, there have been continuous battles in the region between forces loyal to General Mohammed Farrah Aidid, the Hebr-Gedir faction leader who controls southern Mogadishu, and forces loyal to General Mohammed Siad Hersi Morgan, a Darod-clan faction leader who controls Kismayu.

The insecurity has made it difficult for people in the river valley to cultivate their land. It has also made it nearly impossible for aid workers to deliver food, medicine, farm tools and seeds to some areas, UN officials said.

Mexico's Army Fights Crime Surge

By Sam Dillon
New York Times Service

MEXICO CITY—In a sweeping shake-up, a brigadier general assigned by President Ernesto Zedillo to take control of the demoralized police force in Mexico City has replaced dozens of commanders with army officers, leaving Mexican law enforcement more firmly in military hands than at any time in years.

Moving to quiet public anxiety during a wave of kidnappings, killings and drug scandals, the new police commander, General Enrique Salgado Cordero, announced last week that he would transfer hundreds of police officers from sentry duty outside

private banks to walking patrols in tourist zones and in high-crime neighborhoods.

Some banks will have to hire their own guards. President Zedillo dismissed the general's civilian predecessor May 28, five days after riot police officers beat striking schoolteachers, injuring 45, in full view of television cameras.

But another apparent reason for the shake-up has become public in recent days—at least 11 precinct commanders are under investigation on suspicion of ties to a cocaine ring in city markets.

The deployment of dozens of army generals to police posts is only the most dramatic example of President Zedillo's reliance on the mil-

itary to carry out tasks usually assigned to civilians.

Late last year, the government sent 60 army officers to replace the entire top command of the Federal Judicial Police in the state of Chihuahua, the stronghold of Mexico's most powerful drug cartel.

Last month, scores of military police officers surrounded a Mexico City hotel. They arrested a Bolivian drug trafficker and put him on a plane to Miami, where he was arrested by Drug Enforcement Administration agents.

General Salgado commanded the garrison in Acapulco before he got the police post.

During his 40-year career, he has served as military attaché in Israel and army chief of staff.

He is by no means the first army general to head the Mexico City police. Of the city's 13 police chiefs since 1958, he is the seventh army general. The six others were career police officers and lawyers. But unlike his predecessors, General Salgado has brought in dozens of army officers to sweep out virtually the entire central police command structure.

In his first week, he swore into top posts 11 army generals and 9 colonels, each of

whom brought teams of military advisers, said Enrique Gutierrez, a police spokesman.

So far, he has installed military officers in each of the top 15 commands at headquarters and at the three district sites that oversee operations in the city's 52 precincts.

He told members of Mexico City's legislative assembly last week that he would recruit more army officers.

General Salgado takes office as complaints are growing over a crime wave caused in part by the retirement of more than 100 police commanders, as ordered by General Salgado's predecessor. This is according to Dr. Monica Serrano, a political scientist at the Colegio de Mexico who studies the country's security forces.

Many of the retired officers have turned to kidnapping and extortion, she said. The military sees challenges and risks in its police role, she added.

The new commander and other officers hope to bring army discipline and morale to police ranks.

But they realize, she said, that it will be difficult to rebuild a system undermined by years of corruption.



Philippines To Reopen Peace Talks

Reuters

MANILA—President Fidel Ramos of the Philippines said Wednesday that peace talks with Communist rebels would resume in the Netherlands, a year after they broke down in a dispute over a detained leftist leader.

The announcement came hours after a Manila court ordered the release of Sotero Llamas, a senior Communist figure. He has been held since May 1995, awaiting trial on nine charges of murder, kidnapping and robbery. The rebels broke off the talks following his arrest.

"I view the resumption of peace talks with guarded optimism," Mr. Ramos said.

The talks are with members of the National Democratic Front, whose leader, José Maria Sison, lives in the Netherlands.

The rebels said the talks could not proceed until Mr. Llamas was released because he was a member of their negotiating team. The state prosecutor urged his release, and the court agreed, saying it was acting "in the interest of peace and justice."

Military officials said he would be released Friday.


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INTERNATIONAL

Will Netanyahu Toe His Hard Line?

By Edward Cody
Washington Post Service

JERUSALEM — Having elected him by the thinnest of margins, Israelis are waiting eagerly to see Prime Minister Benjamin Netanyahu's first steps now that he has taken power — some in anticipation, others in dread.

The Clinton administration is watching, too, nervous about the future of the Middle East peace process that it has nurtured so diligently. But perhaps more than anybody, Palestinians and their fellow Arabs are looking anxiously toward Jerusalem to see whether Mr. Netanyahu's actions follow the hard line traced by a lifetime of Zionist activism and a set of writings and policy guidelines that seem to leave little room for reconciliation.

In short, the question on people's lips is, "Does he mean what he says?"

Optimists have voiced hope that Mr. Netanyahu as prime minister will be more pragmatic and conciliatory than Mr. Netanyahu as opposition leader, candidate and coalition-maker. They predict that he will approach negotiations with Syria and Yasser Arafat's Palestinian Authority with more flexibility than displayed in his government policy declaration or his previous stands from outside the government.

The American ambassador to Israel, Martin Indyk, in a cable to the U.S. State Department on the impact of Mr. Netanyahu's election, has joined this school, cautioning Washington against jumping to conclusions about the new prime minister's likely conduct based on campaign declarations and policy announcements.

In line with Mr. Indyk's assessment, Secretary of State Warren M. Christopher has voiced satisfaction at Mr. Netanyahu's expressed willingness to continue U.S.-sponsored negotiations with Syria and the Palestinians, while ignoring the tough declared policies that would make such talks problematic.

A key foreign policy adviser to Mr. Netanyahu, Dore Gold, has sought to interpret hard-line parts of Mr. Netanyahu's policy guidelines and his inaugural speech Tuesday as more conciliatory than they seem. He has suggested to reporters that they represent opening positions in negotiations, which would be matched by equally tough opening positions from Syria and the Palestinians.

Those predicting that Mr. Netanyahu will alter his positions point to the late Yitzhak Rabin. The Labor Party soldier-statesman spent his life fighting Palestinians and ordered Israeli soldiers to "break their bones" during the stone-throwing days of the Palestinian uprising. But by the time he was assassinated Nov. 4, Mr. Rabin had signed a settlement with Mr. Arafat — the ter-

rorist enemy of years past — and shaken hands with him on the White House lawn in the United States.

Shimon Peres, who took over after Mr. Rabin was slain but was defeated at the polls by Mr. Netanyahu, warned the new prime minister that he, too, will have to undergo a transformation if he wants to

NEWS ANALYSIS

maintain the momentum toward peace. In particular, Mr. Peres said in his outgoing speech Tuesday before the legislature, Mr. Netanyahu will have to turn his back on the policy guidelines he worked out with his religious and extreme nationalist coalition partners.

"My friend the prime minister, I fear you will shortly discover that the platform in the name of which you were elected cannot serve as a recipe for progress on the peace process," he declared. "You will be forced to disappoint many in your constituency and your part-

ners if you wish to achieve any results." Underlying his warning was the fear of those who believe that Mr. Netanyahu's often expressed principles will guide him as prime minister. Most immediately troublesome for the peace process, they say, are his professed refusal to return the Golan Heights to Syria and his vow to prevent Palestinian statehood while expanding Jewish settlements in Gaza and the West Bank.

Mr. Netanyahu's advisers have suggested that his refusal to countenance the Golan's return should not prevent more negotiations with Syria. Negotiations could center on other, more limited goals, such as water rights or pacifying the Lebanese border, they said.

Similarly, Mr. Netanyahu has been careful to express willingness to continue negotiations with the Palestinian Authority. Mr. Gold said this was intended to dispel fears among some Palestinians that Mr. Netanyahu would be unwilling to deal with Mr. Arafat at all.



Shimon Peres and Benjamin Netanyahu exchanging toasts on Wednesday.

Israel Stresses Its Commitment to Peace Process

Compiled by Our Staff From Dispatches

JERUSALEM — Chaired his first cabinet meeting Wednesday, Prime Minister Benjamin Netanyahu established national security and economic councils and stressed his commitment to continuing the peace process.

The national security council, headed by a former air force chief, David Ivry, is to balance the military's advice and lead a broader strategic perspective to the politically charged dilemmas facing Mr. Netanyahu.

But notably absent from the meeting were any substantive moves to assuage Arab leaders who will meet Saturday in Cairo to discuss concerns that Israel's

new rightist government will stifle the peace process.

Nor did Mr. Netanyahu raise the question of whether he would honor the outgoing government's commitment to withdraw troops from the West Bank city of Hebron. The cabinet secretary, Danny Navet, said after the cabinet meeting that the Hebron issue would be decided soon by Mr. Netanyahu in consultation with his security advisers.

Palestinians fear the new government will seek a way to keep troops in Hebron, where 450 Jewish settlers live among 94,000 Arabs. The city is considered a biblical birthright by nationalist and religious Jews whose strong backing en-

abled Mr. Netanyahu to edge out Shimon Peres in the May 29 election.

Since his victory, Mr. Netanyahu has spoken in general terms of a desire to "widen the circle of peace" with the Arabs. But his guidelines seem to hold out little promise for progress, ruling out a Palestinian state, any compromise over Jerusalem or a withdrawal from the Golan Heights, which Syria wants back in return for peace.

Still, Foreign Minister David Levy urged the Arabs to avoid judging the government "before we sit down and talk." Mr. Levy also said that Arab leaders planning to meet in Cairo had raised Middle East tensions and challenged

them to extend a hand toward peace.

"The tension which they are trying to produce is unnecessary, completely unnecessary," he said.

"I expect to hear from this summit which is due to take place in the coming days a message of peace, a warm hand toward the state of Israel, in order that we will be able to work together."

Mr. Levy said the government saw Yasser Arafat's Palestinian autonomy government as a fact "and we want to have a dialogue." Asked if he would meet soon with Mr. Arafat, he replied, "I rule nothing out."

Mr. Navet, the cabinet secretary, stressed that the government's priority was "first of all to promote the process of peace."

In his opening statement, Mr. Netanyahu reminded the 16 cabinet ministers that as Israel's first directly elected prime minister, his power was unprecedented.

Mr. Netanyahu called on the ministers to put aside "personal and party considerations" and "act together for the good of the state of Israel and the entire Jewish people."

There was still no solution to the crisis over Ariel Sharon, who had expected to be repaid for tireless campaigning with the defense or finance portfolios. Mr. Sharon had not responded to Mr. Netanyahu's offer of a new portfolio — infrastructure minister in charge of defense industries, the state land administration, railroads and roads in the West Bank and Gaza.

(Reuters, AFP)

UN Official Goes to Iraq To Press for Arms Access

The Associated Press

BAGHDAD — A top UN official flew to Iraq on Wednesday to try to persuade Saddam Hussein's government to let international inspectors search military bases for any material linked to clandestine weapons programs.

Rolf Ekeus, chief weapons inspector for the United Nations, arrived to a hostile media campaign with a leading government newspaper calling him a liar who is determined to humiliate Iraq and its people.

His visit was prompted by Baghdad's refusal to let UN weapons inspectors visit several military sites last week. Iraq said it denied them access, alleging that they included U.S. Army officers who wanted to spy on its military.

Iraq has barred weapons inspectors from sites in and around Baghdad. The UN Security Council is demanding unrestricted access to the bases.

Mr. Ekeus heads the UN commission in charge of ridding Iraq of weapons of mass destruction to comply with UN Security Council resolutions that ended the 1991 Gulf War. He said Tuesday he would tell Iraqi leaders they must provide immediate unrestricted access to suspected weapons sites.

The Iraqi media campaign against him for the past week culminated in an article published Wednesday in the daily Al-Jumhuriya. The article written by the editor in chief said: "Mr. Ekeus, you know that we know that you are a liar and that is why you dare not look Iraqi negotiators in the eye. You want to enter sensitive sites that are symbols of our national sovereignty, which means that you are deliberately trying to humiliate the people of Iraq with the impudence only found in a murdering cowboy."

The article appeared hours before Mr. Ekeus arrived at an airfield near Baghdad.

One UN source said Mr. Ekeus would not make any public statements until he meets with Iraqi officials, and that he was likely to stay in Iraq until Saturday.

The United Nations imposed crippling sanctions on Iraq, including a ban on its vital oil exports, for its August 1990 invasion of Kuwait. It will consider lifting them only if Iraq wipes out its weapons of mass destruction, pays war reparations and accounts for some 600 people Kuwait says have been missing since the Iraqi occupation.

Thomas Kuhn Dies, Scholar of Scientific Revolution

New York Times Service

NEW YORK — Thomas S. Kuhn, 73, whose theory of scientific revolution became a profoundly influential landmark of 20th-century intellectual history, died Monday at his home in Cambridge, Massachusetts.

The press office at the Massachusetts Institute of Technology said the scholar, a longtime teacher and a professor emeritus at MIT, had been ill with cancer.

"The Structure of Scientific Revolutions," conceived while Mr. Kuhn was a graduate student in theoretical physics and published as a monograph in the International Encyclopedia of Unified Science before the University of Chicago Press issued it as a book in 1962,

punctured the notion that scientific change is a strictly rational process.

Mr. Kuhn's treatise influenced not only scientists but also economists, historians, sociologists and philosophers and touched off considerable debate. It has sold about 1 million copies in 16 languages and remains required reading in many basic courses in the history and philosophy of science.

Mr. Kuhn was the author or co-author of five books and scores of articles on the philosophy and history of science. But he remained best known for "The Structure of Scientific Revolutions."

His thesis was that science is not the steady, cumulative acquisition of knowledge. Instead, he wrote, it is "a series of

quiet interludes punctuated by intellectually violent revolutions." And in those revolutions, he wrote, "one conceptual world view is replaced by another."

Thus, Einstein's theory of relativity could challenge Newton's concepts of physics. Lavoisier's discovery of oxygen could sweep away earlier ideas about phlogiston, the imaginary element believed to cause combustion. Galileo's supposed experiments with wood and lead balls dropped from the Leaning Tower of Pisa could banish the Aristotelian theory that bodies fell at a speed proportional to their weight. And Darwin's theories of natural selection could overthrow theories of a world governed by design.

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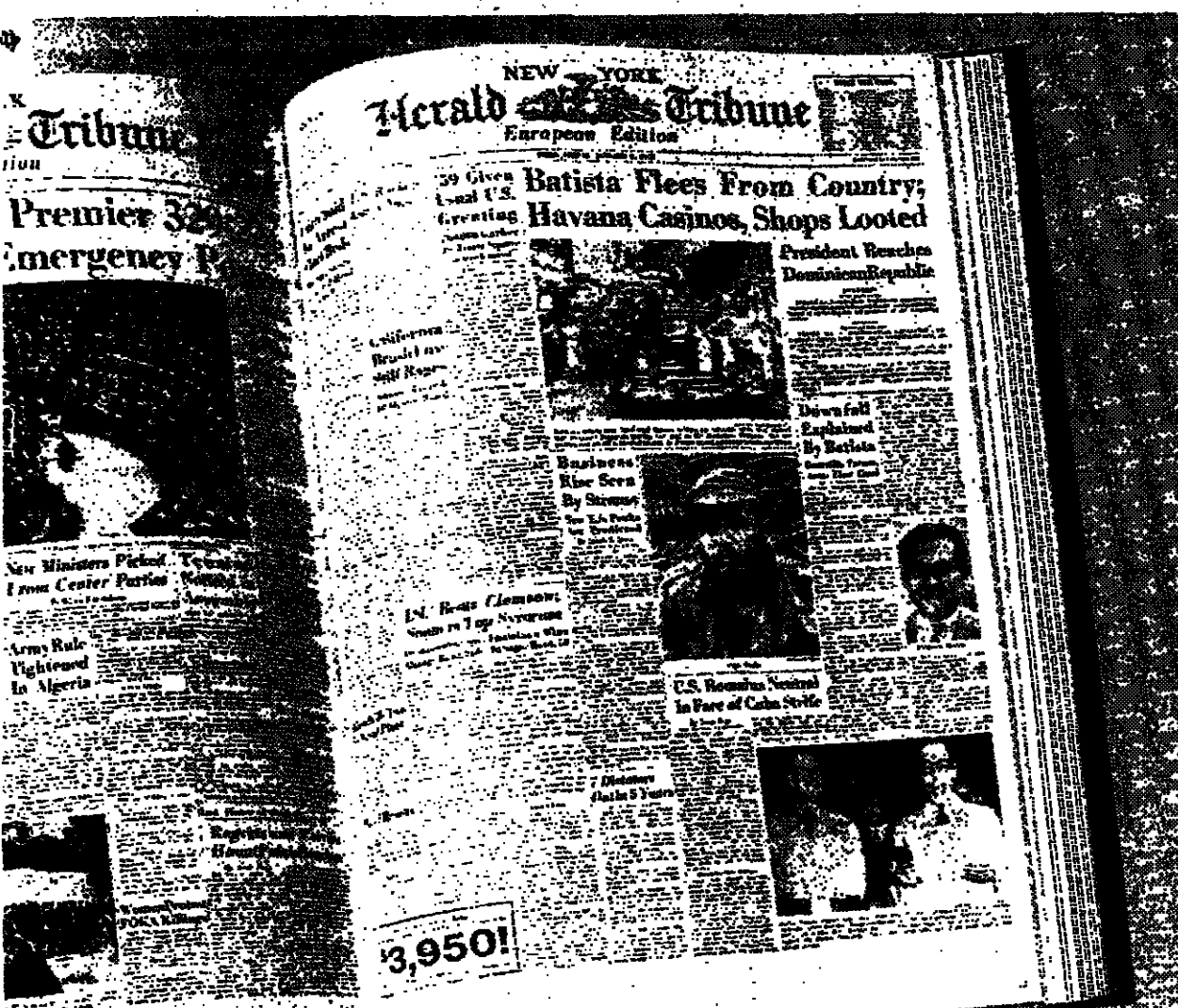
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INTERNATIONAL

Yeltsin and Zyuganov Set for July 3 Runoff

President Will Skip Group of 7 Summit

By David Hoffman
Washington Post Service

MOSCOW — President Boris N. Yeltsin canceled plans Wednesday to attend the Group of Seven summit meeting with leaders of the major Western industrial democracies in France next week as preparations were laid to advance the second round presidential election to July 3.

Mr. Yeltsin, who just squeaked past his Communist rival, Gennadi A. Zyuganov, in the first round, issued an order to the government to speed up the second round to midweek, instead of Sunday, July 7. Prime Minister Viktor S. Chernomyrdin later signed a resolution announcing July 3 would be a day off work, a necessary prerequisite to making it Election Day.

A weekend vote would depress turnout as city dwellers flee to their country homes and students begin their vacations. Many university students will begin their holiday in early July. Both groups are Yeltsin constituencies, and a low turnout could quickly wipe out his narrow margin over Mr. Zyuganov.

By law, the Russian election must be held on a nonworking day, traditionally Sunday. But Mr. Yeltsin asked the Parliament to move it up to a Wednesday, and the lower house, the State Duma, is expected to approve a bill Friday that would make July 3 a public holiday.

Mr. Yeltsin tried to disguise his political motives with a legal fig leaf, saying that the people's constitutional right to vote should not interfere with their "right to leisure" — so he was protecting their rights by moving the election date from Sunday to another day off.

The Central Election Commission, which is heavily under Mr. Yeltsin's influence, is also expected to seek a July 3 runoff vote when it announces the official results of the first round of voting on Thursday. Mr. Yeltsin won slightly over 35 percent and Mr. Zyuganov 32 percent.

"I understand why they are in a hurry," Mr. Zyuganov told reporters Wednesday. "They know that after July 1, about 1.5 million people will go on vacation."

Mr. Zyuganov said he would not object because "the main thing for us is to have fair elections." But the Communist

Party leader also gently poked fun at Mr. Yeltsin.

"The 3rd," he mused. "Soothsayers, it is said, have predicted that it is the time of Aquarius and the tide will begin. He is afraid of an outgoing tide of the electorate and is waiting for an incoming tide of planetary waves."

Mr. Yeltsin summoned reporters to announce he would skip the G-7 meeting scheduled for Lyon from June 27 to 29. He said he decided to send Prime Minister Chernomyrdin instead, and would devote the time to campaigning.

Both Mr. Yeltsin and Mr. Zyuganov must broaden their base to win, and both were reportedly planning to make early forays into places where their rival won support in the first round. Mr. Zyuganov's regional victories were almost exclusively in the so-called "Red Belt" across southern Russia, while Mr. Yeltsin captured the north and the western cities of Moscow and St. Petersburg.

Also Wednesday, Mr. Yeltsin picked up the endorsement of Svyatoslav Fyodorov, an eye surgeon and advocate of worker ownership of companies, who finished the presidential race in sixth place with slightly less than 1 percent. Mr. Fyodorov issued a statement saying that Mr. Yeltsin's program was more "progressive" than Mr. Zyuganov's.

Vladimir V. Zhirinovskiy, the ultranationalist, who received less than 6 percent of the vote, said Wednesday that his backers would not vote for Mr. Zyuganov. "There's no way they will go to the Communists in the second round."



War or peace, the streetsweepers of Grozny, the Chechen capital, worked near armored vehicles of Russian Interior Ministry troops.

Lebed's No. 1 Priority As the Security Czar: Modernize the Army

By Lee Hockstader
Washington Post Service

MOSCOW — When President Bill Clinton was in Moscow in April, he invited 15 leading Russian opposition politicians to a roundtable at the U.S. ambassador's majestic residence here, Spaso House. Coaxing the conversation toward a sensitive topic, Mr. Clinton said he understood that everyone at the table was against the expansion of NATO into Eastern Europe.

Everyone nodded. Just then a gruff voice piped up. "Not me," said Alexander L. Lebed, the retired general-turned-politician.

It was a telling moment. Mr. Lebed, 46, whose strong third-place finish in Sunday's presidential election prompted President Boris N. Yeltsin to name him as a sort of defense and law-and-order czar, is a tough-talking pragmatist far more concerned with the Russian military's internal problems than with great questions of global strategy.

Having spent most of his adult life as an army paratrooper commander, he has bluntly broadcast the decay of the Russian military and pressed for an aggressive program to modernize and mend a once mighty fighting force that now can barely manage to feed itself.

Until now, the Russian government had given lip service but little else to military reform. As Mr. Yeltsin's new national security adviser and chief of the president's powerful Security Council, Mr. Lebed could change all that. He will have broad powers to shake up the armed

forces and fight crime and corruption, and could end up with the influence of a defense minister and national police chief rolled into one.

But with no experience in government and not much in politics, it remains to be seen whether Mr. Lebed can translate his popularity into real solutions. Does he have the administrative skill to carry out military reform? The diplomatic finesse to settle the war in Chechnya? The appreciation for civil rights and the rule of law to tackle crime and corruption?

Some have doubts. "Lebed is too military, too much of a soldier," said Sergei, a senior air force officer who asked that his last name not be used. "He's a little crude, a little frightening. As a commander that's fine; that's the

NEWS ANALYSIS

way it is in the army. In politics, it's a little scary. But, where there is discipline there is order. From this point of view, Lebed fits the job."

By his own account, Mr. Lebed's first priority will be reforming Russia's 1.5-million-member military. General Pavel S. Grachev, the defense minister Mr. Yeltsin fired Tuesday at Mr. Lebed's insistence, did not need to modernize the armed forces. The results have been telling and tragic: The Russian military has humiliated itself in a bloody 18-month-long struggle to subdue separatist forces in the southern region of Chechnya.

Mr. Lebed, mindful that Russia's new military challenges are not intercontinental but along its own turbulent borders, has called for establishing smaller, lighter, more mobile and better trained units within the Russian Army. He says his own success in reforming the Russian 14th Army in the former Soviet republic of Moldova, which he commanded until last year, has been ignored by the top brass. What's more, he says, getting started with at least a modest reform program — and not hurrying to compete with richer Western countries — will not cost a fortune.

"We can start this process now, but it would be more like emergency treatment than therapy," he wrote in the Moscow Tribune in April. "If we use the humble resources that we have at our disposal today rationally, we can improve the situation in the armed forces."

Mr. Lebed has further urged that Russia's disparate fighting forces — including the border guards now fighting in Tajikistan and the Internal Affairs Ministry troops who do most of the fighting in Chechnya — be united under the authority of the armed forces' general staff.

And he has preached the gospel of training competent, professional soldiers and officers and putting quality before quantity.

"If we cannot afford to maintain 5,000 airplanes, let there be fewer," he wrote. "A modern pilot, especially a highly trained pilot, is as valuable for the air force as a technically superior fighter plane. It is time to understand that the world has changed. We do not have to keep up with the United States or NATO in terms of quantity."

The immediate impact of Mr. Lebed's appointment is likely to be a huge morale boost in the armed forces. General Grachev, a Yeltsin loyalist who called out tanks to smash an uprising by extremist members of Parliament in October 1993, is widely disliked in the military and particularly by the troops and officers in Chechnya. There he is identified with the military debacle that has claimed about 35,000 lives, the large majority of them civilians. Before he was started in December 1994, General Grachev boasted that one brigade of paratroopers could whip the Chechens in a matter of hours.

Flouting Truce, Gunmen Fire on Grozny Government Center

The Associated Press

GROZNY, Russia — Unidentified gunmen opened fire on the main government building in the capital of Chechnya early Wednesday, battling with Russian troops.

The attackers opened fire from a five-story ruin near the government building, the Interfax news agency reported. There were no immediate reports of casualties.

The fighting came as Alexander L.

Lebed, the newly appointed chief of President Boris N. Yeltsin's Security Council, urged the withdrawal of Russian troops from Chechnya and a negotiated end to the war.

Mr. Lebed said that only Mr. Yeltsin could order a troop withdrawal but that he personally favored a quick, negotiated peace. "In the first place, pull out the troops," he told CNN. "Then hold a referendum and find out what the will of the Chechen people is."

In earlier developments, rebels hiding in a forest opened fire late Tuesday in the neighboring republic of Ingushetia on an armored personnel carrier transporting Russian soldiers, killing seven, Interfax reported.

The ambush was one of several attacks as warfare continued in Chechnya despite a truce signed last month by Russian and rebel leaders.

Chechen leaders accused Russia's military of having attacked a village.

Russian armored vehicles rolled into the village of Starye Atagi in the southern part of the rebellious republic Tuesday afternoon, and army helicopters sprayed automatic gunfire into the buildings, a rebel spokesman told Interfax.

He said two civilians and one soldier died in the action in the village 20 kilometers (12 miles) south of Grozny. The Russian military command declined to confirm or deny the attack.

GERMANY: East Is Dragging Down West

Continued from Page 1

foreseeable future in hopes of creating an economy that one day will sustain itself.

Even though the price of these payments is choked growth in the West, Bonn planners now are busy searching for means to extend the payments beyond this year, when they were originally expected to end, into the next century. Some analysts think it could take 20 years to achieve West German living standards.

"Economic aid today saves social transfers tomorrow," the government told the European Union, which is threatening to block direct aid to East German companies threatened with extinction.

"If that does not succeed, then the whole German economy would suffer and, by extension the European economy as well," the government said in a study that Economics Minister Günter Rexrodt delivered last month to Jacques Santer, president of the European Commission.

"Germany will be the growth laggard of Europe during the next three to five years," Mr. Fels said. To pay for the East, taxes and social security contributions rose steeply, devouring funds that are needed for investment in the nation's manufacturing sector, Mr. Fels said. High taxes that fund Eastern reconstruction, and which make the Western economy uncompetitive, cannot meaningfully be lowered any time soon, analysts caution.

For the sake of the full German economy, the Cologne-based Institute for German Economic Research declared that a rapid reduction in Eastern transfers is "urgently necessary." But for now, Bonn officials cannot say when they will begin to scale them back.

The aid has become self-perpetuating. What jobs remain will fall away without it, leading to even greater transfers to cover unemployment and social security benefits. As it is, the government estimates that one in four is out of work, according to figures that take into account those in the government-financed retraining programs.

Subsidies have proven highly addictive in what remains of the indigenous chemicals industry, a region where a

government official Wednesday estimated that taxpayers will need to contribute 3 billion DM more on top of the 6.5 billion DM already spent. After the chemicals sector lost two-thirds of its 63,000 jobs, the government directly subsidizes paychecks for 9,300 workers, said Peter Breitenstein, a board member of the agency that oversees the government's remaining holdings in the East.

This year, the Eastern German economy is expected to expand 3 percent, sharply below the 8.5 percent in 1994. Next year, growth will be an anemic 2 percent or less, according to mainstream projections.

The payments currently amount to nearly 5 percent of Germany's total value of goods and services. In Eastern Germany, they account for more than one-third of the local gross domestic product, bankrolling everything from pensions to child support to new bridges.

Mr. Rexrodt is lobbying EU officials to extend structural aid to Eastern Germany beyond 1999, the year that EU funds run out.

"If Brandenburg fares more poorly than Sicily, then why should Sicily get preference over Brandenburg," said Frank Bonaldo, a planner for the eastern states in Bonn's Economic Ministry.

and social unrest, and with stubborn resistance throughout society to cutbacks in spending on social programs and state industry.

As a result, both are finding it tough to achieve the conditions for the launch of a single currency, including a budget deficit by 1997 that is just 3 percent of gross domestic product.

"There is more enthusiasm in Italy for a single currency than in the core European countries that are the real leaders of the project," said Eric Chaney, senior economist at the Paris office of Morgan Stanley. "And the very degree of fiscal, social and political difficulties faced in Italy may help those who are trying to make cuts in the welfare state."

The size of the debt problem also means that in relative terms initial austerity measures tend to look more impressive, according to Alison Cottell, senior economist at Paine Webber in London. "When you start from the worst position, it is easier to make progress."

But Ms. Cottrell noted that financial markets have looked favorably so far on the repeated pledges of fiscal rigor that have been made by Prime Minister Romano Prodi of Italy and by Prime Min-

EUROPE: Lands of South Move Into Forefront on Unity Policies

Continued from Page 1

ister José María Aznar of Spain. And market confidence helps, because it can bring down long-term interest rates and thus the cost of servicing national debt.

In Rome on Wednesday, Mr. Prodi announced 16 trillion lire (\$10.4 billion) of supplementary spending cuts and taxes aimed at avoiding an overshoot of the 1996 deficit target. (Page 5)

Significantly, trade unions and even the hard left Refounded Communist Party have signaled their support for the new budget measures. This contrasts with the combative atmosphere between trade unions and government budget-cutters in Bonn.

Also Wednesday, in Madrid, Mr. Aznar defended the speed with which his government is moving to tackle Spain's budget deficit and he promised rapid action. "The measures have by no means finished. We will continue," he told Reuters. As its first priority, Spain's new government moved quickly to slash 200 billion pesetas (\$156 million) of public spending. (Page 15)

Of course one thing that few economists expect to see resolved anytime soon, and anywhere in Europe, is the Continent's persisting job crisis, which will be discussed once more at the Florence meeting.

In addition, even their newfound enthusiasm for deficit reduction is unlikely

to help Italy or Spain to join the ranks of the first group of nations to launch a single currency, if the launch goes ahead on schedule in 1999. Italy's 1996 deficit, even after its new supplementary budget is included, will still be around 6 percent, say economists, and that of Spain about 5 percent this year, meaning it will be almost impossible for them to achieve 3 percent by 1997 as called for under the Maastricht treaty.

In Germany, meanwhile, Chancellor Kohl's efforts to cut public spending are running into heavy resistance. Last weekend saw hundreds of thousands of protesters in the streets of Bonn, and then on Monday the Bundesbank issued a gloomy report, saying that Germany's weak economy may not have reached the bottom of its slump yet. Worse, the Bundesbank predicted that the 1996 deficit would reach nearly 4 percent of gross domestic product, compared to the Kohl government forecast of 3.5 percent just last week.

In France, despite rhetoric to the contrary, the government led by prime Minister Alain Juppé seems unable to match its promises to cap its own deficits.

Having promised last year to slash its social security deficit to 17 billion francs (\$3.5 billion) in 1996, the government is now admitting that the level will be closer to 48 billion francs.

ART: The Forgers Have Been Doctoring the Archives — at the Tate, for Example — to Make Their Job Easier

Continued from Page 1

not to comment further because the investigation is still under way," said Sandy Nairne, a spokesman for the Tate, which has a library that specializes in exhibition catalogues and separate archives dedicated to 20th-century British artists. Special permission is required to enter either department.

The fraud, which was exposed when a watercolor attributed to the British artist Ben Nicholson was found to have been forged after being sold for \$28,000, apparently involved three stages: a work of art was forged; an accomplice altered the artist's file in the Tate or elsewhere to include the new work, and a "dealer" offered the work for sale, indicating to the potential buyer how its provenance

could be checked. According to British press reports, the leader of the band, known as John, was a benefactor of the Tate and therefore had easy access to the museum's library and archives.

The reports said files related to the Swiss sculptor Alberto Giacometti had also been altered to authenticate forged works.

Investigators have reportedly discovered that, in some cases, forgers went so far as to print bogus catalogues and place them in museum libraries.

The case has stunned the art world because, for the moment, it is impossible to know how many "authenticated" forged works of art have entered the market and how many artists' files in reputable libraries now contain false information.

Further, it is not known whether this type of fraud is being carried out by an isolated gang or is a common practice.

Always nervous about finding themselves handling stolen or forged works, dealers and auction houses have rushed to reassure the market of their own safeguard procedures.

A spokesman for Sotheby's said the auction house had also been asked by Scotland Yard to withhold comment on this case, but he said it was the company's practice to inspect the provenance of works of art very carefully. "We have our own authentication department and our own experts and we also consult catalogues, our own archives and those of museums and galleries," he said.

Ms. Lowenthal, whose research foundation is heavily involved in au-

thenticating art, said the cost of publishing a phony catalogue with forged works in it was small compared with the profits to be reaped. "We used to ask, has it been published?" she said. "Now we have to ask, has it been published, in what, by whom and is it a trustworthy publication?"

She said that forged works are often accompanied by fake documents, including photocopies using the letterhead of important galleries. She recalled the case of a Jackson Pollock that was imported into the United States from Switzerland in the early 1990s.

"It came with a price tag of \$7 million," she said, "and was backed by a forged letter from someone in Sotheby's contemporary art department. It was seized by customs."

The full impact of the current scandal may not become apparent until Scotland Yard completes its investigation, although experts said the price being fetched for works by Mr. Nicholson, who died in 1982, and Mr. Giacometti, who died in 1966, might be immediately affected.

What seems clear is that the art forgery business is flourishing. As governments have tried to clamp down on the traffic in stolen or looted antiquities, for example, the market in fake African, pre-Columbian and Asian art has boomed.

Hong Kong, in particular, is said to be a major center for forging ancient Chinese porcelain, while artists in Africa and Mexico are skilled at forging, say, Benin bronzes or Olmec figures.

PROBE: The Clintons Played a Difficult Role in a Drawn Out, Partisan Drama

Continued from Page 1

publican senators behaved like zealous prosecutors, searching for the hidden meaning of every telephone log and witness-stand lapse into forgetfulness. Nor were there any witnesses comparable to John Dean, spilling the beans on White House higher-ups. Perhaps the closest anyone came to that was when a former deputy attorney general, Philip B. Heymann, sharply criticized the way White House officials held investigators at bay in the days after the suicide of a deputy counsel, Vincent W. Foster Jr.

Another rare moment came when a junior attorney at the Rose Law Firm surprisingly contradicted Hillary Rodham Clinton's account of how she came to represent James B. McDougal and his

savings and loan. Troublesome, but not exactly the stuff of Mr. Dean's dramatic if monochromatic "there's a cancer on the presidency" utterance.

The Watergate drama in a sense has become a ghostly curse for every congressional investigation that has followed. Watergate lexicon is automatically passed along to the next set of circumstances, no matter how different, usually beginning with the "gate" suffix and ending with the search for a "smoking gun" — all leading to a sense that nothing has been accomplished unless the hearings result in a dramatic White House shake-up.

Both sides find it hard to resist the Watergate temptation. Mr. D'Amato, excited one day by a potentially provocative memo from Mr. Clinton's law-

yer, declared that the smoking gun might be at hand; when it proved less than lethal, the White House dismissed it as not a smoking gun but a "squirty gun."

The partisan bickering tended to diminish the reality that the Whitewater hearings indeed disclosed curious patterns of behavior by the Clintons and the people around them, and put them out for public consideration. One pattern the panel highlighted was the release of documents long after they were requested.

The Rose billing records, showing Mrs. Clinton's work for Madison Guaranty Savings and Loan, Bruce Lindsey's notes on a 1993 meeting in which he and other White House aides discussed Whitewater with Mr. Clinton's private lawyer and notes taken by various other aides on Whitewater meetings of the

White House inner circle — all these documents seemed to be discovered and turned over to the committee months or years after they were sought. The Republican senators found similar patterns in Mrs. Clinton's apparent reluctance to disclose the full nature of her actions as Madison's lawyer in the mid-1980s, and in her behavior, and that of her confidants, after the 1993 suicide of Mr. Foster, her longtime friend and former law partner.

By obtaining and publicizing various logs, the Republicans raised the question of whether the first lady was trying to prevent investigators from combing through Mr. Foster's office.

In their final report, the Republicans concluded that was precisely what the first lady and her cohorts had tried to do.

KOREA: Seoul Warns Against Strikes

Continued from Page 1

The government so far has refused to offer any concessions.

"We are determined to prevent solidarity strikes at public utilities, which would cause tremendous social chaos," Mr. Jin said. "If the workers resort to a strike or deliberate idleness, the government will mobilize all manpower available from other sectors to normalize public services."

Negotiations with Seoul transit workers collapsed late Wednesday, while talks aimed at preventing a walkout at Korea Telecom continued into the night.

A strike will take place if no agreement is reached by midnight Wednesday, said Kim Chang Hoon, a union leader at the Seoul subway system.

Workers at two auto companies, including the No. 2 auto maker, Kia Motors, are already on strike. Some 5,400 workers at Asia Motors, a leading commercial vehicle maker here, joined the walkout Wednesday.

"We start an eight-hour strike from this morning as a warning," an Asia Motors union leader said, warning that it was up to management to give workers reason not to make the strike indefinite.

More than a dozen affiliate unions of the giant Hyundai group, which produces cars, ships, petrochemicals, semiconductors and steel products, have threatened a sympathy strike.

A strike already under way at a parts company forced Hyundai to cut back its production on Wednesday.

(AFP, AP, Reuters)

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THE AGE OF THE GREAT AWAKENING

BY SAAD ALFAISAL ALSAUD

ISLAMIC FRAMEWORK

First: At state level:

THE ISLAMIC UNION:

Comprises all Islamic States at governmental level, and structured as follows:

- Supreme Council: representation by Heads of States or Heads of Governments.
- Councils at Ministerial Level: Covering all fields, except the military.
- General-Secretariate: The Secretary-General shall be appointed by the Supreme Council upon the nomination of a candidate by the state chairing the Council on a rotating process. The Council defines the credentials, duties and the duration of his post.
- The Defense Treaty Organisation: Members of the Union shall sign either a separate treaty or an appendix to the Union Agreement, on Heads of States level. Delegates to the Council of the Organisation shall be the Ministers of Defense of the Union's member states. The Supreme Council shall appoint a secretary general of the Organisation in the same manner as the Union Secretary General is appointed.

The prime aim is to establish a defense pact to prevent any military threat or aggression against member-states that would enable it to execute its role decisively. The Organisation must take all necessary collective measures to achieve this position.

- Islamic commission of Arbitration: The General-Secretariate draws down the conditions, descriptions and credentials of members of the panel to be approved by the Council of Ministers of Justice, and then to the Supreme Council for final endorsement. The highest Islamic Fatwa Organisations and scholars of Shari'ah jurisprudence in all member-states will submit a list of candidates to their government, who in turn will introduce it to the Supreme Council, to choose the first panel of the Commission.

The Supreme Council shall also decide the number of the members of the panel and the period of their membership. The main duty of the Commission is to examine all applications referred by the General-Secretariate of the Union. All applications are voluntarily submitted by the disputing parties. The ruling of the Commission is absolute, and will be referred to the Secretariat-General. If the disputing parties follow the ruling, the Secretariat-General is to be informed.

If they refuse the ruling, the General-Secretariate will submit the matter to the Supreme Council who will adopt measures to implement the ruling. All resorts must be used even the use of force through the Defense Treaty Organisation when necessary.

- Advisory and Guidance Commission: The Ministerial Council concerned, which is a part of the Supreme Council, shall provide the Commission with the most able scholars in Islam and experts in appropriate fields who can offer the concept of Islam to reach all Muslims by means of new scientific and guiding technology.

- Development Body: This will embrace existing organisations, such as The Islamic Bank for Development and will study the possibility of creating a Central Bank, that can be partly financed by private capital. It must also establish a centre for research and planning in various sectors and fields on an international level seeking data on existing Islamic potentials and prepare development programmes based on the best exploitation of all resources available within the Islamic World and how best use them effectively for the good of all Muslims in the future.

Clarification:

- The hosting country shall chair the meeting.
- The provisions of the Union to be drawn in the conference.
- A resolution to be adopted regarding the rotation of the chairmanship of the conference. The Ministerial Council, including the Defense Treaty Organisation.
- The General-Secretariate for the Union and that for the Defense Treaty Organisation, shall be appointed, and the period of exercising their duties will be defined.
- To draw the text of The Defense Treaty Organisation.
- To decide on the head offices. Maccab Almuqarrannah for the central head offices; Al Madinah Almunawwarah for the Advisory and Guidance Commission; Pakistan for the Defense Treaty Organisation; Albania for the Development Body; Egypt for the Islamic Commission of Arbitration. Other future branches of the Union may be established in other countries.
- The Islamic Union is the best and ideal alternative, in modern times, for the Islamic State.

The Supreme Council is the alternative to the "Khilafa". The Union Ministerial Councils and its organisations are the replacement of The Central Government "in the old Islamic State". The Defense Treaty Organisation is the substitute of the "Islamic State Army".

Second: At Individual Level:

The Supreme Council Of Islamic Jurisprudence and Fatwa members will be chosen by the highest advisory, legal and fatwa official authorities in every one of the member-states in the ISLAMIC UNION, so that everyone of them will be represented. Their task will be to research and seek means of narrowing the gap between the different opinions of the scholars explaining the texts, i.e. the issues that concern the Muslims in present and in future wherever they are. The aim is to reach a unanimous resolution in all essential issues. These reaching the Secretary General of the ISLAMIC UNION, who in turn will circulate them through the different Ministerial Councils, educational, justice and endowment. Also through the Advisory and Guidance Commission for general application of the Shari'ah Islamic culture. If the Council decides that certain issues are in need of more research and investigation, it will undergo treating them individually with extensive research and intensive debate until consensus is reached. The result will then be referred, following the same procedure. Part of the council's duties is to receive inquiries from individuals, governments, councils, scientific or religious institutions and even from the General-Secretariate of the ISLAMIC COUNCIL itself. Answers, at all times, should be unanimous to achieve the most important aim of establishing the Council which is consensus.

Moreover, the Council has the responsibility of co-ordinating with The ISLAMIC UNION Supreme Council through the General-Secretariate

simple practical meetings with Christian religion representatives finding where Islam and Christianity meet, the common beliefs and principles, publishing them at their religious and educational institutions. If in disagreement, the issues can be discussed and debated logically and scientifically, until a positive resolution is reached, then it can be published as in the previous method.

The aim is firstly: to correct how they see Islam, and secondly: to narrow the difference between the two beliefs.



THE ISLAMIC CONSULTATIVE ASSEMBLY

Members are every male and female of the Islamic faith, regardless of nationality, state, organisation, school of thought or political party. The definition of a Muslim, who wishes to be a member, should be stated by the Supreme Council for Islamic Jurisprudence and Fatwa.

Members who attend the first meeting may:

- Select a chairman for the meeting, a procedure to be followed in every future meeting.
- Select a General-Secretariate from the attending members.
- Draw a Covenant of Honour to be signed which should include:
 - Membership is open to any person who is a Muslim.
 - A different chairman to be selected at every session.
 - Absent members cannot authorise anyone to represent them, but they can send what they wish to propose to the General-Secretariate.
 - No member is to praise or slander a ruler, state, regime, political party, group or an individual during the session.
- The importance of the member's attendance, is to make the effort to reach the best for the Muslims, discussing and underlining the problems, solving them and making the resolutions.
- During the session, time must be consumed for serious practical and informative programs to reach the members' efforts to improve The Muslims' state of affairs. These programs must be detailed.
- Meetings shall be considered in session with whoever is present. Absent members can write to the General-Secretariate. This is to ensure equality for all members is guaranteed without disrupting the Council's work.
- Although the Assembly's resolutions cannot be dictated to the Supreme Council and the member states within the Islamic Union, they all work towards the general Muslim welfare.

In the reasonable framework, and due to the media's reaction and the Muslim public opinion, these resolutions will be considered.

- The Assembly can consult the Supreme Council of Islamic Jurisprudence and Fatwa if necessary.
- The Assembly can apply-through its General-Secretariate to the General-Secretariate of the ISLAMIC UNION, demanding information that can be useful for their discussions, or statistics that might help their programs. The General-Secretariate of the Assembly is to refer all the resolutions, programs and recommendations to the ISLAMIC UNION.
- The meetings of the Assembly take place according to what has been decided in previous meetings.

The date and place of the first meeting are to be decided by the host person by the various media means. The General-Secretariate will accept donations, gifts, presents and whatever the members might decide to contribute unconditionally. The cost expenses of the first meeting will be met by the host.

ISLAMIC SALVAGE FOUNDATION:

An expansion of the existing association, connected to the governments and accepting unconditional grants. The Foundation is to be supported for improvement, to be more effective, experienced, active, honest and efficient. No need for more staff.

The Councils emerging from the Supreme Council of the ISLAMIC UNION, i.e. The Economy and Finance Council, the Justice Council, the Social Affairs Council, and the Interior Affairs Council, are to nominate the top management of the Foundation.

The Supreme Council is to select the management. The management is then free to elect the necessary experts from Muslims and non-Muslim communities, guided by previous conditions.

The management is to establish an investment administration, experienced to invest the funds from the aids and donations. The proceedings to go towards aiding The Muslims of the world suffering from natural disasters, diseases, hopelessness, drought, famine, and post-war disasters, also launching projects for rehabilitation of the victims of such disasters and training programmes to enable those eligible to help themselves.

THE ARABIC FRAMEWORK

First AT THE STATE LEVEL:

THE ARAB UNION: Membership for all the states who are members of the "the Arab League", with stated conditions for any other country willing to join.

The Union consists of:

- The Supreme Council: representation by heads of states or governments.
- The Council at Ministerial levels in different sectors.
- General-Secretariate: The Secretary-General to be appointed by the Supreme Council, following nomination by the country chairing by rotation. The Supreme Council states his duties, nature of work and the term of office.
- The Union's duties is to study and resolve the projects proposed by the members for narrowing the gap between the different systems in

education and culture, internal security, economic and commercial systems, exchanging of experiences, co-ordination to avoid duplicating projects of the single product for a single market. Members must co-operate in development spheres, encouraging investments, united officially and firmly facing any international issue. If international circumstances change, it may be studied and faced anew.

The issue, at all times, being the welfare of the Arab citizen; security, stability and flourishing of the Arab World.

Thus the strategy of the Union should be grounded on comprehensive and effective sincerity and good will to succeed, following the different stages of the development within the framework of practical and flexible plans, applied with full co-operation and sincerity, employing every available resource within the framework of Islamic Union or outside of it.

Clarification

- The host country of the first summit conference, chairs meetings.
- The Provision for the Union may be drafted and signed.
- Agreement on rotating the chairmanship of the conference and the councils emerging from it, and defining the period of chairmanship.
- The first Secretary General to be appointed and the period of his practice to be defined.
- Announcing the headquarters of the Union - an intelligent choice for practical reasons would be Bahrain.
- Other Associations will be situated in different Arab Cities - e.g. Culture Art and Archaeology Association in Cairo - Association for Preserving the Arabic Language and the Academy of Arabic Language in Damascus, etc.
- Note that THE ARAB UNION is the only alternative to the Arab Unity, and that the Supreme Council is the saviour. Let the Union be the Arab State and let the Supreme Arab Welfare be the leader as a substitute to the one single leader for all the Arabs, a fact which may have been the only obstacle in the path of Arab Unity. As long as the Ultimate Arab welfare is the objective of Arab Unity, then where is the necessity for an impossible Arab Unity under an individual leadership?

Second: At individual level:

THE ARAB ASSEMBLY has absolute independence of the ARAB UNION and the member states, in constitution, freedom, discussions and resolutions. Membership shall be available for every Arab man or woman, wherever they may be, as long as they can prove their Arab descentancy.

The Council consists of:

- The Secretary-General for drafting summary records co-ordinating dates and places of meeting with the chairmanship.
- The chairman of the meetings to be elected from the attending members to chair that meeting on that date only. The first meeting to be chaired by the inviting individual.
- Members: every member attending the meeting is equal in the rights and duties. No one can authorise another member to speak for him, but has the right to write with his proposals to the Secretary General.
- Membership is available after signing Covenant of Honour, defining, no favouritism shall be shown by a leader, state, party, organisation or individual.
- The motto of the council is "THE ARAB UNION" and its purpose is accurate study, by different efforts, to be agreeable by all parties to achieve and to practice "THE ARAB DREAM".
- All information, statistics, data studies and research to be at their disposal. The Covenant of Honour, forbids any interference of the Assembly in internal affairs of any state. The Assembly cannot dictate its resolution on any state. It is a means of spontaneous and effective opinion when resolutions are made by the ARAB UNION and in the response and support of the Arab Public opinion represented in THE ARAB ASSEMBLY.
- Invitation for the first meeting, by the first individual that adopted and advertised the scheme. The place, time of the meeting to be defined in the media. He also provides all expenses needed.
- He chairs the meeting taking the responsibility of introducing and explaining the aims and conditions of the scheme.
- Attendants of the meeting meet their own expenses all costs and expenses of General-Secretariate are met by voluntary work, or partly from the Assembly funds from donations, gifts and presents from institutions, organisations or individuals and companies with no effect or influence whatsoever on the Assembly's neutrality.

Clarification

Arab Individuals must take this opportunity to be able to decide their future and the future of generations to come. In the making of the future of our history we must be participants and not spectators.

This is the chance.... Anyone for it?!

The responsibility of THE ARAB POSITION is theirs.

The place to exercise that responsibility is THE ARAB ASSEMBLY.

As for their motto, it shall always be THE ARAB DREAM.

SAAD ALFAISAL ALSAUD

21 PICCADILLY,
LONDON W1V 9PF
FAX: 0171 493 7533

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Herald Tribune

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Testing China's Word

The Clinton administration has reasonably withdrawn the threat of trade sanctions against China after Beijing renewed its commitment to stop pirating U.S. copyrighted property. The Chinese have violated similar promises in the past, but it is worth testing their word before acting. A trade war would damage both the American and Chinese economies and poison diplomatic relations.

The Chinese agreed last year to close factories that were illegally knocking off American compact disks, computer software, movies and other copyrighted materials, but after a brief lull the violations resumed. The administration drew up a list of targets last month for steep tariff increases if the Chinese did not end the piracy. The threat was justified. The hard-fought political consensus for open trade would not survive if Washington tolerated contempt for fair trade rules. Because China does not belong to the World Trade Organization, the United States could not refer the dispute to an impartial jury.

The administration's strategy has

worked so far. In the past few weeks the Chinese have closed 15 factories turning out illegal compact disks, confiscated machinery, prosecuted scores of individuals and shut distribution centers and theaters showing stolen movies. China also agreed to stop exporting pirated intellectual materials, promised to approve joint ventures to produce music and films and said it would maintain no quotas on imported movies, all steps urged by American entertainment companies. The administration could not persuade the Chinese to allow American inspectors to monitor CD factories, but it did win agreement by China's police to enforce the accord.

The Chinese government has found it difficult to control illegal factories, some of which are run by high-ranking military officers and other powerful officials. The threat of U.S. sanctions may have bolstered Chinese officials who want to live by the government's commitments. It makes sense for President Bill Clinton to wait and see which forces within the Chinese government prevail, before launching a trade war. —THE NEW YORK TIMES.

The Chemical Beast

The way it works now, to find out whether a country that has created suspicion is secretly cooking up chemical weapons you finally have to bomb it and defeat it in war; only then can you check out your suspicions on the ground. That is the way it worked with Iraq, whose dictator used chemical weapons against some of its own citizens and had them available but did not use them against the coalition that defeated it in the Gulf war.

The terms imposed by the victors allowed for continuing unannounced on-site inspections by the United Nations. These cannot remove all possibility of undetected cheating but, along with other intelligence findings, can reduce it substantially.

There is, however, a far easier, cheaper and more reliable way than going to war to check on chemical arms suspects. It is to bring into force the long delayed chemical weapons convention. This treaty permits the sort of deeply intrusive inspections that the Gulf war coalition imposed on defeated Iraq, and more. It organizes the global monitoring of the relevant parts of the chemical business and the chemical trade, and it provides a range of penalties for both nonjoiners and violators. Although not a foolproof system, it improves on the improvised, inconsistent arrangements that now get tacked up case by case.

President Ronald Reagan led the United States into negotiations, and President Bill Clinton signed a completed treaty, which now has 160 signatories. Senator Richard Lugar saw it out of the Foreign Relations Committee, over chairman Jesse Helms's objections, on a 13-to-5 bipartisan vote in the spring. But Mr. Helms is still fighting, and the priority now is to get the bill to the floor.

Trent Lott, the new majority leader, might usefully recall that his predecessor, Bob Dole, made a strong commitment to do just that.

In fact, critics have had an extended on-site, up-close inspection of this treaty's terms. The key constituencies are aboard. The Pentagon decided long ago that chemical weapons promised more trouble than they were worth, and started getting rid of them; it figures that a chemical attack on U.S. forces could be deterred by nonchemical arms. The industry made a business decision to go with a treaty.

The treaty's Senate shepherd, Mr. Lugar, feels that at this point amendments added on the floor would simply bust the treaty.

As a country with citizens and interests practically everywhere in the world, the United States has a greater interest than any other in organizing to leash the chemical beast. —THE WASHINGTON POST.

Whitewater Sparring

Anyone who has followed the Whitewater story closely since it first surfaced in the 1992 presidential election campaign knows that the full truth has not been told. Important documents have gone astray and some witnesses have been as elusive as the evidence. The report of the Senate Whitewater Committee, released on Tuesday, does not move the public much closer to provable facts about the main elements of this tangled tale — Bill and Hillary Clinton's land and legal dealings in Arkansas, the events following Vincent Foster's death, and the White House's effort to manipulate the investigative process in Washington. But neither does the report suggest that the time has come to abandon the search for truth — as the Democratic dissenters on the committee claim.

Tuesday was basically a day of competing political briefs. The Republican report summarizing 13 months of hearings ran to more than 800 pages of wordy argument. The Democrats responded with 400 pages of their own. In a sense, the reports represent a form of proxy campaign warfare in a presidential election year. Senator Alfonse D'Amato, the committee chairman, is also co-chairman of Bob Dole's presidential campaign. Senator Chris Dodd, the committee's second-ranking Democrat, is his party's chairman. Neither side delivered a knockout legal punch, although the Republicans scored more debating points. They have at least laid down a paper trail of suspicious behavior that the Democrats have been unable to explain away. In particular, the Republicans had a field day with the faulty memories of prominent White House staff members at crucial points in the committee's 60 days of hearings. Mr. D'Amato may be exaggerating

when he suggests that the witnesses' allegedly "incomplete and inaccurate testimony" will prompt Kenneth Starr, the court-appointed independent counsel, to bring charges of perjury or obstruction of justice. Even so, it is clear that the task of clarification now falls to Mr. Starr, whose investigative lead has recently increased with new revelations regarding the White House travel office mess.

Mr. Starr must eventually report to a court and the public on whether the Clintons and their allies have engaged in illegality or regrettable but noncriminal lapses of judgment and duty. His report may come closer to the kind of full accounting that could not emerge from the political whirlpool of the Senate. —THE NEW YORK TIMES.

Other Comment

American Hegemony

For some \$250 billion a year, the United States enjoys a global military dominance that combines the transoceanic reach of the Pax Britannica with the military power of imperial Rome at the height of its powers. This costs less than 4 percent of America's GDP, the Pentagon's lowest share of GDP since 1940. The new, commercially based American internationalism is not logically likely to be seriously challenged by its enemies, either foreign or domestic. The global economy is currently working to America's advantage, with America the world's largest exporter, and American military prowess looks to be beyond serious challenge for at least 10 years. —Martin Walker, writing in World Policy Journal (New York).

Moscow Is Not Something to Be Neutral About

By Thomas L. Friedman

WASHINGTON — We are treated to comment from the left that it doesn't really matter who wins in Russia because Boris Yeltsin and Gennadi Zyuganov are both commissars who in the end will stamp out democracy.

Or we are treated to comment from the right that it doesn't really matter who wins because both men are czars in the end will stamp out Russia's neighbors.

Enough of this nonsense. You don't have to be an expert on Russia to appreciate that Mr. Yeltsin and his predecessor, Mikhail Gorbachev, have transformed the Soviet Union and then Russia in ways that have made the lives of all Americans and millions of others across Europe immeasurably safer and more free.

To even feign indifference about the outcome of this Russian election, to even suggest for a second that it doesn't matter, is foolhardy and reckless. Our only regret should be that we cannot do more to help President Yeltsin.

Enough of this blather about how Bill Clinton has got too close to him. What does that mean? Mr. Yeltsin is the president of Russia. Who else can de-

liver arms control deals? Who else can cooperate with the West in Bosnia or the Middle East?

What does that mean, don't get too close to him? Does it mean we Americans don't answer the phone when he calls? Does it mean we only answer on Thursdays? Does it mean we negotiate treaties with the opposition?

Whom should we be talking to, the whiny Russian liberals who couldn't organize a two-car motorcade if their lives depended on it?

Sure, there are better democrats in Russia than Boris Yeltsin, and there are better, less corrupt economic reformers, but none with the political weight and toughness to carry out so many changes that have served U.S. interests.

They have removed Russian troops from Eastern Europe, Ukraine and the Baltics, even though they had no housing for many of those troops back home.

They signed and applied the conventional arms control treaty for Europe, which has turned Central Europe from a region where 300,000

U.S. troops faced 500,000 Russians in a region where there are now 100,000 Americans and zero Russians. Zero!

In December 1988, the Soviet Union had 160,000 tanks, artillery pieces, combat aircraft and armored vehicles in the area from Poland to the Urals. By January 1996, Russia had 25,000 such pieces in the same area, the remainder having been destroyed, distributed to the successor states of the Soviet Union or moved behind the Urals.

On the nuclear side, the Soviet Union had 11,000 long-range nuclear warheads in 1988. By January 1996, as a result of the START-1 accord signed by Mr. Gorbachev and implemented by Mr. Yeltsin, Russia had only 7,000 strategic warheads. If the START-2 accord signed by Mr. Yeltsin is ratified by the Russian Parliament, the United States and Russia will go down to 3,500 strategic warheads each.

As a result, both the means and the trigger for a nuclear war have been radically diminished. Thanks to a less threatening Russia, the United States has reduced its defense budget since 1985 from \$343 billion a year to \$265 billion. The Yeltsin defense budget is

down to \$63 billion, which has crippled the former Soviet army.

This is not to say that Washington should give Mr. Yeltsin a free pass on his grotesque brutality in Chechnya, his bullying of Georgia or the rampant corruption of his regime. Washington shouldn't. But it is to recognize that Russia lost the Cold War and that what Mr. Gorbachev and Mr. Yeltsin have been doing is managing that defeat.

They could have done it in many ways, some of them very ugly, but they have chosen an approach that has reduced global tensions, allowed an unprecedented degree of independence for most states surrounding Russia, greatly lessened the threat of nuclear annihilation, and lifted the oppression of millions of people in Eastern Europe and the former Soviet Union.

That is not something to be neutral about. Outsiders cannot engineer Mr. Yeltsin's victory, but to think that there is no difference between him and a retrograde, fascist-Communist who wants to rebuild the Soviet Union and rationalize Russian industry is to have been asleep for the last seven years. —The New York Times.

Signs of a Positive Nationalism for an Emerging Russia

By James H. Billington

This is the second of two articles.

WASHINGTON — Can there be a positive form of Russian nationalism to counter the negative version that Gennadi Zyuganov is preaching and that others are flirting with today? No mistake has been greater in the West than to assume that the only alternative to Russia's largely authoritarian history and identity must be a total conversion to Western democracy and market economics.

Having already adopted many forms of democracy and much of the substance of a market economy, this new Russia is nevertheless haunted by a "vacuum of belief" since the collapse of communism. Peaceful integration into the Western world may never be secured until Russia is at peace with a more affirmative sense of itself. The outlines are indeed emerging of a new, more positive concept of a distinctive Russian identity.

The great scholar of Russian

culture Dmitri Likhachev, 89, has reminded his countrymen that Russia has always had a more heterogeneous population and more pluralism in its history than has been generally assumed. The new urban middle class welcomes a less ethnocentric Russia, and there is little popular sympathy for ethnic scapegoating.

There are outlines of a positive nationalism in the writings of young historians who are discovering local variety, the forgotten republican traditions of Novgorod and other cities, and the improvisational skills of Russians during previous reform periods. Russia's military history is properly seen as one of heroic defense rather than imperial conquest. Several trends in the last five years suggest the positive contours of a healthy Russian

nationalism compatible with, and conducive to, democracy.

For one, there is a genuine religious revival among the new generation. The martyrdom of all religious faith under the world's first atheistic political system has provided new heroes and fresh converts for most major religious faiths.

Religion is increasingly seen even by nonbelievers as a spur to the re-establishment of an internal moral compass that will help the people move beyond the current spasms of crime and corruption.

Even more important is the rediscovered concept of togetherness, or *sobornost*. The Russian word *sobor* means gathering, community and cathedral. The 19th century Slavophiles contrasted Eastern communalism with Western individualism. The West itself

now seems to be newly interested in voluntarism and the rediscovery of "a village" as something needed to nourish people caught between impersonal distant power and individual isolation.

For decades, the stubborn persistence in Russia of faith and family provided a protective shield against the totalitarian state and kept alive a different perspective on life. Many Russian communities today are working together to restore a church, to found a new enterprise or to assume responsibility for an otherwise languishing school or hospital.

Russia may well be approximating the broad outlines of the American formula for making democracy viable on a continental scale for a multiethnic people: a common language, religious faith as the moral underpinning for society, and the ability to tackle problems locally on an often unforgiving natural frontier.

By adding a sense of community to their reform program, Russians may at last be overcoming their traditional historic split between Slavophiles and Westernizers.

The still rising tide of negative nationalism may in the near future produce a "Pinochet interlude" or even a violent dictatorship. This could even happen through the electoral process. After all, Hitler rose to power legally. But in the long run a more positive Russian nationalism compatible with democracy seems more likely to prevail.

Westerners generally did not believe that the Russians would ever overthrow communism. They should not now assume that Russians have some genetic predisposition to produce another threatening form of nationalism.

The writer, librarian of the U.S. Congress, contributed this to The New York Times.

Waiting Anxiously for Hero Netanyahu to Recite His Lines

By Abraham Rabinovich

JERUSALEM — The curtain rises to reveal a dimly lit stage. Half the audience sees a promising dawn and settles back expectantly. Half sees a brooding dusk and braces for the worst.

In the hushed interim before Benjamin Netanyahu assumed the prime ministership on Tuesday, the Israeli public was left to contemplate what exactly it had wrought.

In cafés, barber shops and taxi cabs, supporters of outgoing Prime Minister Shimon Peres and of Mr. Netanyahu, the passions of the campaign behind them, attempted jointly to decipher a mystery unexpectedly raised by the election — the political identity of the man who had won.

There is no other public fig-

ure in Israel who is at once so seemingly familiar and so unknown as the 46-year-old Likud leader. Yoel Marcus, a columnist for the Tel Aviv daily Ha'aretz, noted that no one has written a serious political profile of Mr. Netanyahu. "Maybe the reason is that there hasn't been anything to write."

Victory has made many realize that Mr. Netanyahu is in large measure an enigma. He has held no executive post that could offer insight into how he is likely to behave when he assumes one of the most demanding leadership positions in the world.

As a diplomat he defended his government's positions, and as an opposition leader he opposed the Labor government's

positions. But he has never had to shape his own positions and test them in the crucible of reality, something that even small town mayors do.

The initial reaction by the widow of slain Prime Minister Yitzhak Rabin, Leah, to the Likud leader's election — that she felt like packing her bags and getting out of the country — reflected widespread despair among Peres supporters at what they presumed was the end of the peace process. "For the first time," wrote American-born Larry Derfner, a Tel Aviv journalist, "I thought the time might be approaching when I wouldn't want to live here anymore."

The passage of time has somewhat calmed fears on the

left (Mrs. Rabin apologized for her remark), and so have the declarations by Mr. Netanyahu that peace will be the most important item on his agenda.

Some on the left believe that he will indeed try to complete what Mr. Rabin and Mr. Peres started. Others are resigned to a bumpy road ahead as Mr. Netanyahu tries to dodge what they see as a dictate of history — giving up territory for peace.

On the right, his victory has been received with thanksgiving but without over-enthusiasm. The narrowness of the victory margin, less than 1 percent, showed that the country was split down the middle.

Even more sobering for those on the extreme right are concerns about Mr. Netanyahu's commitment to the notion of a Greater Israel. In his victory speech he made no mention of settlements and avoided nationalist slogans. It was, in fact, a speech that Shimon Peres could have delivered, word for word.

There is little chance of moving the peace process forward unless Mr. Netanyahu betrays ("liberally interprets") would be a kinder term) his pre-election hard-line rhetoric. The Likud prime minister Menachem Begin did that when he returned Sinai to Egypt in exchange for peace, and Mr. Rabin shook Yasser Arafat's hand.

However, Yitzhak Shamir circled the wagons and defied the world rather than consider territorial concessions.

There is an almost palpable intake of breath throughout the region, among Arabs and Is-

raelis alike, in anticipation of substantive signals from Mr. Netanyahu as to how he understands his role.

His personality offers possible clues. There is much of Bill Clinton in him. He is ambitious, convivial, a persuasive speaker and a man of appetites, gastronomic and otherwise. Like Mr. Clinton he wants to be loved. He is as different as can be from Mr. Shamir, a dour, underground leader who turned stonewalling into a fine art.

For a young and ambitious politician like Mr. Netanyahu, eager to make his mark, there would not seem to be much joy in circling the wagons. Despite his hard-line positions, he has never appeared to be overly burdened by ideology.

His planned meeting soon with President Clinton, whose own fortunes are closely identified with the Middle East peace process, will be of major importance. As someone who received much of his education in the United States and spent years there as a diplomat, Mr. Netanyahu is an admirer of America and acutely aware of its importance to Israel.

The new Israeli leader can be expected to take a tougher stance in negotiations with the Arabs than did Mr. Peres. But he is aware that most Israelis want him to find a way forward in the peace process, not to find reasons for its collapse.

The writer, a reporter with The Jerusalem Post, contributed this column to the International Herald Tribune.

The Clintons Will Need Friends

By Jim Hoagland

WASHINGTON — Republicans have not won the Whitewater wars, but they have not yet lost in their slashing, multi-front campaign to brand the Clintons as ethically impaired and unfit for office.

Bob Dole clearly needs all the help he can get. He will face an incumbent with preternatural campaigning skills, a relatively unified party behind him and a strong economic record on job creation and low inflation. Normally, Mr. Clinton should be home free now.

Even the character issue should be dead and buried. After all, four years ago American voters looked at his manifest flaws and elected him anyway. But the last two weeks suggest that the character issue could yet bite the president and the first lady.

They should not underestimate either the problems ahead or the importance to their survival of the protective circle that leading Democrats have formed around them.

In matters of character, what your friends say or don't say is always more important than what your enemies say.

On my scorecard the president has endured a couple of bad but far from fatal weeks as the Senate Whitewater committee rolled out its final report, old associates in Arkansas were convicted in crooked land deals, and House hearings revealed the White House's improper possession of more than 400 FBI investigative files. All of that hurts, but there was no smoking gun.

The Clintons were not per-

sonally and conclusively linked to major scandal.

White House staffers using the FBI for political purposes in a third-rate imitation of Watergate, is disturbing. But for the general public the message may come down to "They all do it." Music to Republican ears after Watergate and Iran-contra, it is not likely to translate into a bonanza in November for Mr. Dole.

But even supporters had to be disheartened by the Clintonesque lack of diligence and/or propriety that these inquiries have revealed.

What keeps "character" alive as an attack issue? Dole supporters will say that I rush past the obvious by even asking the question. For them, the Clintons' flaws and missteps are explanation enough.

But the 1992 results and current polls suggest a much more complicated view. They suggest that the voters are in a mood to cut the Clintons some slack, but have a hard time doing so. The fact is that American voters do not seem to start with a tremendously high regard for the moral character of politicians. They are therefore not disillusioned easily.

In national races, voters have become adept at discounting partisan attacks masquerading as concern about character. The Clintons have been fortunate in their choice of enemies. Senator Alfonse D'Amato, Whitewater committee chairman, comes en-

cumbered with burdensome ethics problems of his own.

In this week of siege for the Clintons, chance brought to Washington an international leader who went through a similar experience 15 years ago.

Valéry Giscard d'Estaing was elected president of France in 1974 as a youthful reformer dedicated to economic renewal. In 1981, the Socialists mounted a withering attack not on issues but on "character," portraying the bawdy, serious Giscard as uncaring, aloof and ethically impaired. A once seemingly unbeatable Giscard lost.

But it was not because of the enemy attacks, he tells me. "It is not what your opponents say in a campaign that is decisive. That is expected. It is the support of your own side. If you are opposed by some in your own camp, then it raises character questions for the voters. That happened in France in 1981."

Mr. Giscard d'Estaing, who has gone on to become perhaps the most thoughtful analyst of and spokesman for European political unity, did not suggest a direct parallel between 1981 in France and this year's U.S. campaign. But his remark brought into focus for me the continuing importance of the Democratic Party around Bill Clinton, who faced no primary opposition.

What did not happen in the Democratic Party this year may turn out to be Mr. Clinton's most important shield in the Whitewater wars. —The Washington Post.

1896: Greek Jingoism

PARIS — [The Herald says in an Editorial:] The spirit of jingoism has no restricted habitat; it has now settled down upon the average Greek editor and inspires wild imaginings which drip gory drops from his pen. These ravings call almost unanimously for intervention by Greece in favor of the Cretans, although it is self-evident that any such proceeding would precipitate war. Fortunately the Greek Government has a prudent sovereign at its back and it does not seem likely that the wild-cat of the Athens editors will be followed.

1921: U.S. Head Count

WASHINGTON — Final statistics placing the total population of the continental United States at 105,710,620 have been submitted to Speaker Gillett, of the House of Representatives, for apportionment purposes by

Director William M. Stewart, of the Bureau of the Census. Final figures place the total population of the outlying possessions of the United States at 12,148,738, which brings the population for the entire country and its possessions to 117,859,358.

1946: Bidault Elected

PARIS — Georges Bidault was elected President of France yesterday (June 19) in a stormy session of the National Constituent Assembly, and started upon forming a Cabinet. M. Bidault, a member of the Popular Republic Movement (MRP) and who was the only candidate for the post, was elected by 384 votes, with the Communist party delegates abstaining from the voting. The general assumption was that M. Bidault would form a Cabinet made up of representatives of the three big French political parties, the MRP, the Communists and the Socialists.

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel.: (1) 41.43.92.00. Fax: (1) 41.43.92.10. Adv.: (1) 41.43.92.12. E-Mail: ih@ih.com
Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511. Tel. (65) 472-7788. Fax: (65) 274-2334
Mgr. Dir. Asia: Rolf D. Nienpelt, 50 Glenview Rd., Hong Kong. Tel. 852-2022-1188. Fax: 852-2022-1190
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OPINION/LETTERS

Do You Have Trouble Making Sense Of Today's Issues? It's No Wonder

NEW YORK — Confused? You are not alone. Here's what the experts think:

We Americans must have 6 percent or so unemployment to avoid high inflation, but everyone should be required to work, especially welfare recipients and, soon, people over 65.

The media are ruining family values, but nobody follows the news anymore. Huh?

The rich need more money to encourage them to work harder (as in lower capital gains taxes), but the poor need less (as in a lower earned income tax credit).

We must reduce the trade deficit but also cut the gas tax, thus encouraging consumption of the single largest American import.

By Richard C. Leone

The nation had very high rates of growth and savings when top tax rates were very high — more than 90 percent — but now we have neither because tax rates are too high.

The overwhelming majority of parents think that their public schools do a good job, but we need to dismantle and privatize the system.

The coming election is about the economic fears of middle-class white men, so unless a candidate has a pro-choice position on abortion, he loses.

Social Security, for the first time in history, is accumulating a substantial surplus in its trust fund, but it is on the verge of collapse.

The Federal Aviation Administration should be abolished in the interest of more deregulation, but why isn't it doing more inspections of new low-cost airlines?

White Americans rank first in the world in longevity, knowledge and income; black Americans rank 31st. But we no longer need affirmative action.

China had a \$34 billion trade surplus with the United States in 1995, but we should stop nagging Beijing about human rights or it won't trade with us.

The media get everything wrong and are ruining family values. But we're in trouble because nobody reads or watches the news anymore.

The author, president of the Twentieth Century Fund, contributed this column to *The New York Times*.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.



It's High Time Women Quit Sneaking Around

By Robin Givhan

WASHINGTON — The women pour out of the subway stations in downtown Washington. They wear conservative suits, prim dresses and business casual attire. Yet instead of fine leather shoes to complement their career clothes, they wear blindingly bright, lumpy, clunky sneakers. Their rubber soles pound the pavement.

You can hear the dull thump and squeak of athletic footwear

MEANWHILE

adorned with swooshes and fully loaded with air technology, padded insoles and arch supports.

Mostly the women wear running shoes, although a few choose cross-trainers. But the women are not running, jogging or even walking very fast. They are strolling, sauntering and moseying to the office.

Stop it. Athletic shoes are for athletics. Getting to and from work is not a sport.

The origins of this discordant style can be traced to the 11-day New York transit strike of April 1980. Women who were regular subway commuters suddenly had to walk long distances to get to their offices. So to save their arches and to keep their jobs, they donned sneakers and athletic socks, tossed their good shoes into their briefcases and hit the pavement.

Sneakers and suits were a style born out of necessity.

Once the trains resumed running, most women went back to their head-to-toe professional style. There were a few who were reluctant to leave their Reeboks at home — they were awfully comfortable. Mostly, though, New Yorkers moved on.

But folks in the rest of the country got hooked on the style. Now, 16 years later, it's the trend that will not die.

Professionally dressed women in major U.S. cities still can be spotted stepping off commuter trains and even out of their own cars wearing thick white tube socks and running shoes.

Working women not only slip on Adidas to walk to and from the subway, they also put on sneakers when they step out for lunch or even coffee. What are these women doing? Walking a daily

marathon? Doing sprints on their lunch break?

Folks claim this sort of sneaker wearing is a comfort issue. This is an acceptable explanation only if a person has just had foot surgery or has had to hike in from the woods. If that's the case, go ahead and put on your Avias. But if the only excuse is an uncomfortable pair of sling-backs, sorry, no sympathy here. Buy bigger shoes. Buy insoles. Wear flats.

The only women who ought to be wearing sneakers to the office are aerobics instructors. (Exceptions are made for those who wear a jaunty pair of Keds or cheery Converse All-Stars with a casual linen pantsuit.)

Often, American women note their European counterparts' knack for always looking chic and sophisticated. Part of their secret is an aversion to sneakers. Parisian women don't stomp around the Champs-Élysées in Chanel suits and sneakers with pump technology. Milanese women don't even run errands in tennis shoes.

This attitude doesn't come from being overly style-conscious. It comes from checking the full-length mirror before heading out the door.

Image consultants always advise: Dress for the job to which you aspire. Schlepping around in sneakers and a suit suggests that you're a disgruntled clock-puncher, a downtrodden worker bee or the possessor of a really lousy job. Even if you aren't.

No one is suggesting that women give in willy-nilly to the whims of fashion. No one expects a career woman to stroll to work in spike heels or unstable mules. But in the vast shoe market out there, there are styles that look professional yet won't make a woman howl in pain.

Chunkier heels are more comfortable than spindly ones. The tiny Sabrina heel still is fashionable. Ballet slippers look great with narrow pants. There are options.

Kudos to any woman who stands up to an unfair society in which women often are forced to toe the stereotypical girly line. Fight the powers that be. Stand up to fashion's tyranny.

But there's no reason to look like a clod while you're doing it.

The Washington Post.

LETTERS TO THE EDITOR

War Still a Threat

Thomas Friedman is right to question the wisdom of NATO expansion to the East ("Enlarge NATO? Look Who's Pushing a Bad Idea," *Opinion*, June 10). He is mistaken, however, in assuming that the threat of war has subsided in Eastern Europe. His observation that "we already have the only security order we need in Europe" is, in fact, quite naive and alarmingly complacent.

From the French Revolution to the Europe-wide revolutions between 1815 and 1848, up to the appearance of several new Balkan states in the late 19th century, eras of revolution and liberation in Europe (and particularly in the Balkans) have historically been followed by eras of dictatorship and war. And when the Soviet Union retreated from World War I and the Baltic countries became independent, nothing would have been easier than to assume that no further expansion would come from the East. Likewise with Germany: The fact is that now is the time, while Russia is down and preoccupied with Chechnya, to help Eastern Europe organize its secur-

ity. And although the expansion of NATO may not be the best answer to history's latest "Eastern Question," certainly some sort of agreement between the United States and these countries is essential for peace to be maintained — not only in defense against Russia, but also against one another.

JIM MEYER
Istanbul.

Singapore Comment

Regarding "Singapore Dream: To Reach the Upper End of the Playing Field" (June 6):

Your story on the property purchases by Senior Minister Lee Kuan Yew and Deputy Prime Minister Lee Hsien Loong claimed that they paid "a total of \$700,000 less than the later asking price for similar apartments." As a result, "the social contract had been shaken, and people voiced a sense of betrayal."

The Lees bought the properties in straightforward, open commercial transactions. They were among a group of early buyers who received discounts. This group made up one-fifth of the total number of buyers. The discounted

prices were the market prices.

No exceptions are made for anyone in Singapore. When the prime minister learned of rumors about the Lees' property purchases, he directed an investigation. The investigation found nothing wrong with the purchases.

The Lees decided to announce their purchases, even though these were strictly private transactions. The Lees, not any opposition member of Parliament, asked the prime minister to convene Parliament to debate the issue, so that they could explain and clarify their actions publicly.

In Parliament, the present and former leaders of the opposition, both practicing lawyers, declared unequivocally that discounts are normal practice in property transactions, and that the Lees had done nothing illegal or improper and should not have given away the discounts to charity. No opposition member accused the Lees of any wrongdoing.

As for the article's statement that "perks are offered, and accepted," the senior minister told Parliament that every developer knew his name and would want him as his customer. So, too, when

he bought cars, jogging shoes or a shirt for his coronary angioplasty. But he had always made sure that these were commercial transactions, done at market prices, not "friendship" prices.

Part of the social contract between the PAP government and the people is this complete openness in all such matters. The people of Singapore, who watched the televised three-day debate in Parliament and read the news reports, will decide in the next elections whether their social contract has been betrayed by the Lees' purchases.

The fact that the actions of Lee Kuan Yew and his son can be investigated in Singapore shows that Prime Minister Goh Chok Tong and his colleagues have maintained the high standards of integrity and openness established by the founding generation. The skeptics who expect Singapore's "clean and mean" system of government to die with Lee Kuan Yew are wrong.

YEONG YOON YING,
Singapore.

The writer is press secretary to Senior Minister Lee Kuan Yew.

In the Megazillions

Regarding "The Hard Way" by William Safire (June 17):

Since infinity is unlimited in space, time or quantity, and since the words for large numbers change space, may I suggest that the logical follower of million-billion-trillion-zillion-gazillion be "megazillion" — until, that is, infinity gets bigger still.

F. G. HAWKINS,
Orléans, France.

Not the First

Regarding Michele Landsberg's review of "The Natural History of Make-Believe" by John Goldthwaite (Books, May 9):

The reviewer says: "Who but Goldthwaite could have put his finger so unerringly on the startling fact that Br'er Rabbit was the first fully anthropomorphic animal personage in children's literature?" What about Puss in Boots? Or even earlier talking animals in La Fontaine's "Fables," not to mention those in Aesop's fables?

JON WINROTH,
Saint-Quentin-lès-Trébois,
France.

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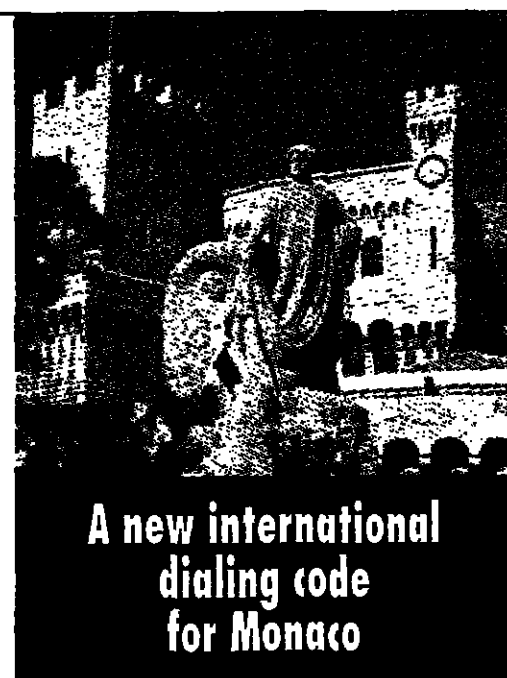
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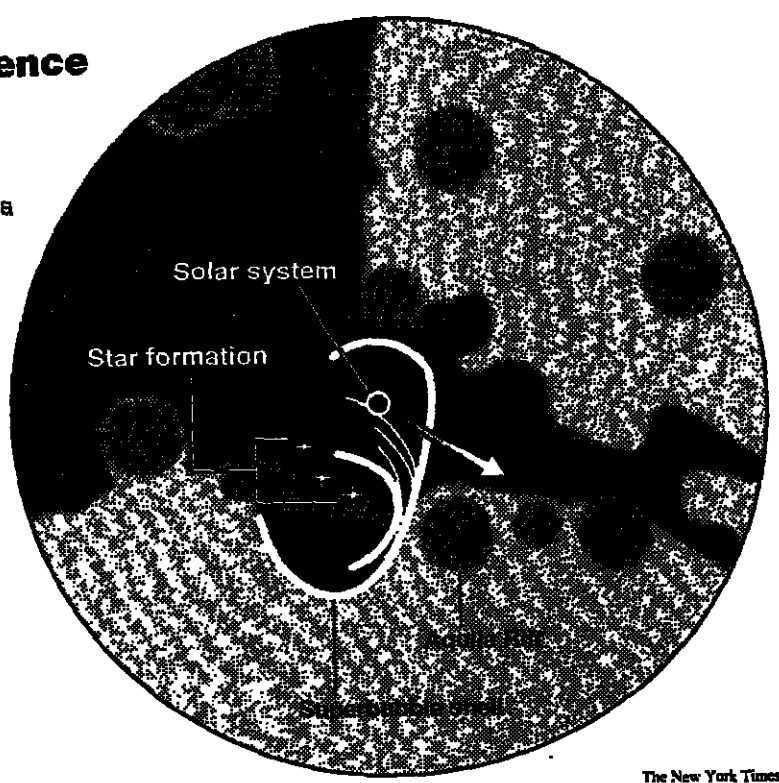
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HEALTH/SCIENCE

Solar System Heads Toward Turbulence

Having spent a few million years passing through calm and relatively empty space, the solar system is headed, in about 50,000 years, for what may be trouble — a cloud of interstellar dust and gas a million times denser than the space it occupies now. Just a few thousand years ago the solar system entered a low-density cloud of dust and gas that is part of a so-called superbubble shell that has been expanding outward from the Scorpion-Centaurus Association, a region of star formation. The cloud toward which the solar system is traveling (dark grey circle) could expose the planet to increased cosmic-ray bombardment, with unknown consequences to Earth's atmosphere and climate.



Source: University of Chicago

The New York Times

For Sun, a Cloud on the Horizon

By John Noble Wilford
New York Times Service

MADISON, Wisconsin — Over the last five million years or more, the Sun and its planets have had the good fortune to be gliding through one of the safer neighborhoods of the Milky Way galaxy. They have generally avoided the congestion and turbulence in evidence a few cosmic blocks away. But these halcyon days may be coming to an end.

With their new telescopes and observational techniques, astrophysicists are now able to map with revealing accuracy the solar system's immediate galactic environment. They are finding it virtually empty of interstellar gas and dust. Looking beyond, though, the scientists see a cloud or two, literally, looming on the horizon.

A University of Chicago astrophysicist says the solar system may be heading for a cloud of interstellar matter that is up to a million times more dense than its present surroundings, where matter is so diffuse that there is, on average, considerably less than an atom of hydrogen per cubic centimeter. The encounter with the denser cloud could come within 50,000 years.

Though no cause for immediate alarm, the predicted encounter could sharply alter Earth's atmosphere and climate. How scientists are not sure, but they suspect it will not be for the better. With more interstellar particles penetrating the solar system's defenses, Earth would probably be subjected to an increase in cosmic radiation. This could reshape its atmosphere and possibly bring on a much colder climate.

The new research into the Sun's local interstellar medium, as its immediate

galactic environment is called, could also give scientists a better understanding of conditions that favored the proliferation of life on Earth. This could, in turn, set new limits on where life might also have arisen in other solar systems that are now being discovered.

In a report presented here last week at a meeting of the American Astronomical Society, Dr. Priscilla Frisch of the University of Chicago said observations showed that the Sun had already entered a relatively low-density interstellar cloud. This probably occurred a few thousand years ago, she estimated.

But this low-density cloud of gas and dust could be a forerunner of more ominous developments to come. The cloud, Dr. Frisch said, lies in a "superbubble shell" that is expanding outward from an active star-formation region called the Scorpion-Centaurus Association.

"When this superbubble expanded around these stars," Dr. Frisch explained, "it expanded much farther into the region of our galaxy between the spiral arms, where our Sun lies, because the density is very low."

Observations indicate that the Sun, traveling at a velocity of three light-years every 50,000 years, is heading for a much denser part of the cloud. The consequences could be dire.

As it is, the flux of charged particles streaming out from the Sun, known as the solar wind, protects Earth and the other planets from direct interaction with matter from the interstellar medium. The region thus protected by the solar wind is called the heliosphere and extends 100 times farther from the Sun than the distance from Sun to Earth.

In fact, the heliosphere might have been more extensive before the Sun entered the low-density cloud it is now

traveling through. An encounter with a much denser cloud, experts said, could compress the heliosphere to a distance not much greater than the Earth's distance from the Sun, exposing the planet to increased cosmic-ray bombardment.

"There would be dramatic effects in the inner solar system," Dr. Frisch said.

Dr. Jeffrey L. Linsky, an astrophysicist at the University of Colorado at Boulder, said: "There will be an encounter. We don't know exactly when or exactly how the Earth will be affected."

Dr. Frisch and a colleague, Dr. Daniel Welty, made their survey of the local interstellar medium with telescopes at the Kitt Peak National Observatory in Arizona. Other studies have used the Hubble Space Telescope and the Extreme Ultraviolet Explorer satellite. The nature and density of matter in surrounding space were determined by examining the effects the intervening atoms had on light from more distant stars.

A team of astronomers led by Dr. Linsky reported making ultraviolet-telescopic readings of 18 stars in different directions to measure the dimensions of an egg-shaped interstellar cloud surrounding the solar system. They found that the Sun was only four light-years from the edge of the cloud, which is 60 light-years across at its largest axis.

The Colorado astronomers observed that the interstellar cloud around the Sun was not uniform, but included "cloudlets" of different densities moving at different speeds and in slightly different directions. Another cloud may be as near as 20,000 years away from the Sun, in the direction of the star Alpha Centauri.

When the solar system moves into that cloud, Dr. Linsky said, the surrounding interstellar medium will become much denser and would presumably cause a significant compression of the heliosphere.

More Reasons to Quit Smoking

By Jane E. Brody
New York Times Service

NEW YORK — The doctor could tell the patient had once been an attractive woman. But now, though only in her 50s, her face was etched with wrinkles, her features gaunt-looking with prominent underlying bones and her skin shriveled and gray with purplish blotches.

Diagnosis: smoker's face. Dr. Douglas Model of Eastbourne, England, added this condition to the medical lexicon in 1985 after surveying 116 patients and correctly identifying roughly half of current smokers by their facial features alone.

To illustrate his point, he included photographs of some famous and non-famous smokers and nonsmokers, including the dramatically wrinkled face of the poet W.H. Auden.

Dr. Jeffrey B. Smith, a senior resident in dermatology at the University of South Florida in Tampa, recalled this poignant diagnosis in a review of the effects of smoking on the skin published last month in the journal *Dermatology*. He studied 311 reports of smoking-related skin conditions.

Perhaps, he says, the visible and often discomforting damage to skin induced by smoking will encourage more people to quit, "especially those who may be more concerned about their outward appearance than the potential internal damage associated with smoking."

Smoking damages cells and tissues in so many ways that it can have many effects on the body. Among them:

WRINKLES. "For some patients the threat of wrinkles may be a more powerful motivator to help them stop smoking than the more deadly consequences of smoking," Dr. Smith wrote. He explained that, as with skin that is over-exposed to sunlight, smoking causes thickening and fragmentation of elastin, the elastic fibers that are long and smooth in healthy skin.

Smoking also depletes the skin's oxygen supply by reducing circulation. It decreases the formation of collagen, the skin's main structural component, and may reduce the water content of the skin, all of which increase wrinkling. Smoking also interferes with the skin's ability to protect itself against damage by free radicals, highly reactive sub-

stances that are omnipresent in tobacco smoke. In women, smoking diminishes the level of circulating estrogen, which in turn fosters dryness and disintegration of skin tissues.

SKIN CANCERS. Two kinds of skin cancers, the more curable squamous cell carcinomas and the often lethal melanomas, are influenced by smoking. Dr. Smith said that although smoking did not cause melanoma, smokers with melanoma were more likely to die of their disease. They are twice as likely to have advanced disease at the time of diagnosis and are more likely to have their cancers spread within two years of diagnosis, probably because smoking impairs the immune system.

As for squamous cell carcinoma, even when exposure to sunlight was

example. The more and the longer patients had smoked, the greater the likelihood of impaired wound healing.

Dr. Smith linked the slow healing of wounds to known effects of cigarette smoking, which constricts surface blood vessels, reduces the oxygen level in the blood, thickens the blood and impedes the laying down of collagen needed for healing.

PSORIASIS AND RELATED DISEASES. Studies of both men and women with this unsightly and discomforting skin condition have shown that smokers are about two to three times as likely to develop it as nonsmokers. And the more cigarettes smoked, the greater the risk.

Palmoplantar pustulosis, a difficult-to-treat skin condition that resembles psoriasis, occurs only on the palms of the hands and soles of the feet. The skin blisters, then forms a scaly rash. It occurs almost exclusively in smokers, and it does not necessarily go away when the patient quits smoking, Dr. Smith said.

ORAL LESIONS. In addition to smoker's face, there is also smoker's palate and smoker's tongue. The tars and heat of tobacco smoke can cause tiny red pimples in the mouth that result from an inflammation of the openings of salivary glands. Smokers also often develop depressions on the surface of the tongue. Potentially more serious, however, are lesions called leukoplakia, which are about six times more common in smokers than in nonsmokers. Although benign, these white patches in the mouth can become cancerous.

BUERGER'S DISEASE. This blood vessel disease results in poor circulation in the lower legs, causing skin problems like burning, tingling and ulcerations. "It usually occurs in young men who smoke, men in their 30s," Smith said. "But now that women are smoking a lot more, we're seeing it in women too."

OTHER SKIN CONDITIONS. Many skin diseases are associated with diabetes, which impairs circulation to the outer reaches of the body. A study of more than 112,000 female nurses followed for 12 years showed that current smokers faced an increased risk of developing noninsulin-dependent diabetes, and that the risk rose with the number of cigarettes smoked each day. Another study of nearly 43,000 male health professionals showed that smoking 25 or more cigarettes a day doubled a man's risk of developing diabetes.

Visible effects include wrinkly 'smoker's face' and skin cancer.

Amazon Yields More Primates

By Les Line
New York Times Service

NEW YORK — A curious, squirrel-size marmoset from the Amazon rain forest is the sixth new monkey species to be discovered in Brazil since 1990, and a scientist predicts that several more primate species will be found there by the end of the century. "This shows how little we know about biological diversity among even our closest relatives," said the scientist, Dr. Russell Mittermeier, a primatologist and president of Conservation International in Washington.

The newly discovered species, the Saterre marmoset (*Callithrix saterre*), is named for a group of Indians indigenous to the central Amazon area between the Madeira and Tapajós rivers where the first animals were collected. Dr. Mittermeier said the species had a distinctive face and ears, unpigmented facial skin, mahogany-colored fur and fleshy appendages on the genitalia of both sexes whose purpose has biologists puzzled. "There's no other marmoset like it," he said. The species is described in the current issue of the Brazilian scientific journal *Goeldiana*.



Marmosets are among the smallest primates and are found mainly in the Amazon region of South America, where they live in small groups. Marmosets run along horizontal branches, leaping from twig to twig, and mainly eat insects and soft fruit; their long tails are not adapted for grasping. Female marmosets mate with more than one male, and the young are raised cooperatively with the males carrying the offspring on their backs, transferring them to the mother at feeding time.

The golden lion tamarin with its flowing mane and long reddish fur is possibly the best known of the 18 species of marmoset and is one of the world's most critically endangered mammals. Conservation International, which works to preserve global

biodiversity, estimates that only 500 to 600 golden lion tamarins survive in the wild in the Atlantic Forest near Rio de Janeiro because of habitat loss and decades of unregulated exports to zoos, pet dealers and laboratories.

In contrast, the Saterre marmoset does not appear to be threatened, Dr. Mittermeier said. While researchers have not defined the species' range, he said that most Amazon marmosets are adaptable and tend to be found in greater numbers at the edge of clearings, in abandoned slash-and-burn plots and in second growth rather than in primary rain forest. It is apparently not hunted for food.

THE marmoset's discovery raises the count of primate species in Brazil to 75 of about 250 species worldwide. "Finding a new beetle in the rain forest may not be surprising, but finding a new monkey is truly exciting," Dr. Mittermeier said. "It also shows how ignorant we are of the vast range of life on earth."

He added that the number of primates in Amazonia should continue to grow as biologists made their way into large unexplored areas. "I wouldn't be surprised if we found another five monkeys by the year 2000," he said.

On the Trail of 1918 Flu Virus

By Lexie Verdon
Washington Post Service

WASHINGTON — An international research team has received permission to exhume seven coal miners buried in permafrost on an Arctic island. The researchers are seeking the influenza virus responsible for the 1918 pandemic that killed 20 million people.

Historians have called that flu cycle, often referred to as the Spanish flu, the deadliest epidemic in recorded history. Yet, despite its widespread devastation, there are no samples left of the virus. Researchers hope that by securing one, they could use it to make new vaccines and be prepared if a similar quick-moving flu epidemic were to break out.

The research team is led by Kirsty Duncan, an assistant professor of geography at the University of Windsor in Ontario. She looked for an area where

bodies from the 1918 epidemic might be preserved in cold temperatures.

She found Spitsbergen, a Norwegian island. There were no government, church or hospital records kept, but she tracked down records kept by the coal company and located the graves of seven young men who came to the island in October 1918 and died shortly afterward. According to the customs at the time, they were buried in simple wooden coffins with no embalming fluid, so their tissue — if frozen — may still have the virus, she said. The ground is frozen nine to 11 months a year.

Prof. Duncan has contacted relatives of each of the miners and secured their permission for the experiment.

"We want to identify this virus," she said. "Influenza viruses have been responsible for some of the worst pandemics in history and there is a chance that others will occur. We want to learn how to disarm it."

Prof. Duncan's team will meet this summer to plan the expedition, but will not exhume the bodies until August 1997. The 14-member team will have scientists from Norway, Britain, Canada and the United States, including some from the Centers for Disease Control and Prevention. The plans for the expedition were first reported by *New Scientist* magazine this month.

Dominick Iacuzzo, program officer for influenza at the National Institutes of Health, said that although scientists do not have the 1918 flu virus, they do know something about it from the antibodies, or immune-system cells, that survivors had. "Scientists firmly believe that that was a unique strain," he said.

There were no antibiotics to treat the pneumonia that many flu patients got, and medical resources in 1918 were badly strained by the destruction of World War I. These factors may have helped fuel the flu's havoc.

Lead Risk to the Unborn Child

By Susan Gilbert
New York Times Service

NEW YORK — Scientists have found the first direct evidence that a girl growing up in a lead-polluted environment can pass that lead on to her children, putting their intellectual and motor development at risk.

Researchers at Macquarie University in Sydney, Australia, followed 13 women who had recently immigrated

to Australia from the former Yugoslavia and then became pregnant. The lead they were exposed to in the Balkans, and which was stored in their bones, has a different molecular weight from the lead in Australia.

As their pregnancies progressed, their blood contained greater amounts of the Balkan lead, peaking during the second and third trimesters, said Dr. William Jameson of the National Institute of Environmental

Health Sciences, which financed the study. By the end of pregnancy, as much as 60 percent of the total amount of lead in blood came from the women's bones.

A second study, conducted by Health and Welfare Canada, a government agency that does health research, monitored the blood lead levels of 30 pregnant monkeys before, during and after pregnancy. It also showed that the amount of lead in the blood peaked during the second and third trimesters and that up to 60 percent of the blood lead originated in the bones, Dr. Jameson said.

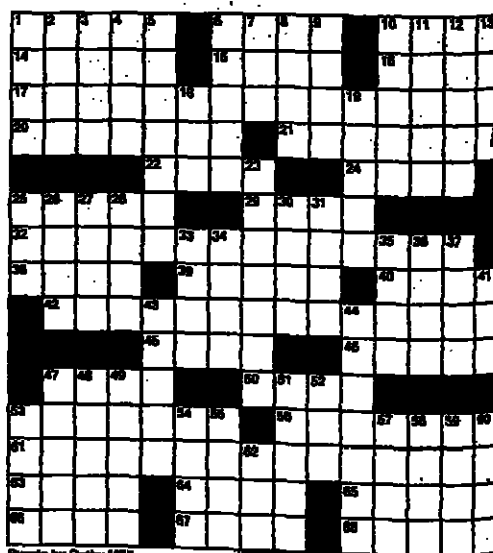
But this study did what the human study could not: It examined the presence of lead in the organs of the monkey fetuses. On autopsy, the fetuses were found to have lead in every organ, including their brains, he said. For the human study, researchers measured the lead



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10 Senegal's capital
11 Au courant
12 "I Love Lucy" name
13 TV's Byrnes and
14 Book jacket item
15 Noted matchmaker
16 1989 NASA launch
17 "All in the Family" network
18 Kyrgyzstan's mountains
19 Branch
20 Davidians, e.g.
21 Sooty affairs
22 — flies (bad faith)
23 Uncle Remus turn of address
24 "Heracles" writer
25 Laze
26 Spanish casanovi dance
27 Sleep
28 Sounds of impact
29 Model T contemporary
30 Some stoles
31 Shifts
32 Bars, the Vamp
33 Wisconsin college
34 City SSE of Gainesville
35 Anesthetist
36 Computer center, for short
37 Smart
38 — perpetua (Idaho's motto)
39 "Carnet" Lancelot
40 Old National Forest site
41 Bear
42 Actress Best
43 Brief swim

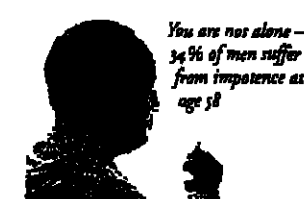


©New York Times/Edited by Will Shortz

Solution to Puzzle of June 19

PAZ ACTOR PEPTYS
LINA ELENA OARED
SIA ROREW SUETS
AMERICAN BRIDE
NATION LATEXES
SLAT LATEXES
CONAN LATEXES
THE GREAT TASTY
STAIR AVANT
NEW YORKER GROS
EMPORTA ERRANT
AMONKEYS UNCLE
TOYED TRAMS KIN
TIRENE AILES QIN
TORSC GEENA PES

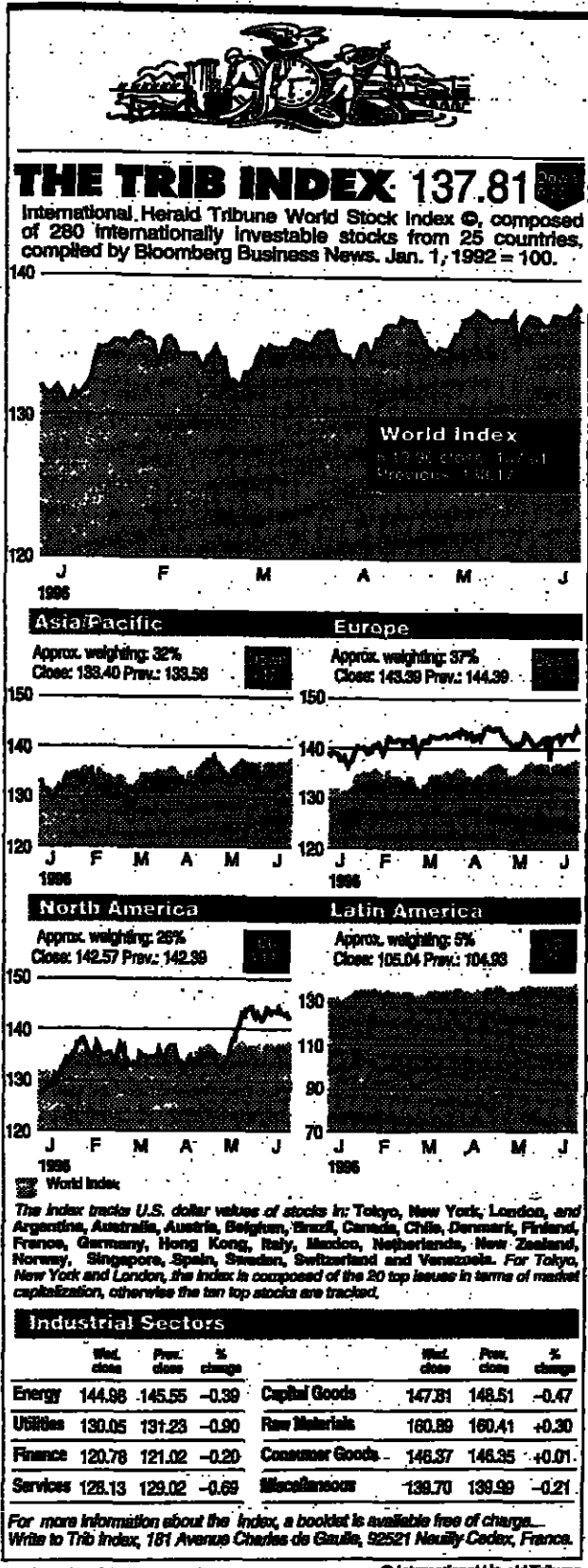
What my older, wiser brother said about "IMPOTENCE"



PEOPLE who suffer from it get fed up. Just thinking about it makes it worse. And many prescribed drugs have adverse effects. But there are qualified people who now specialize in treating this embarrassing condition painlessly. I found them, he said, at The Medical Centre in Weymouth Street, London W1N 3PA. Call them on 0171 637 1018, now!

THURSDAY, JUNE 20, 1996

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U.K. Begins Inquiry Into Metals Market

By Fred Barbash
Washington Post Service

LONDON — Britain's securities regulator Wednesday launched a broad review of the workings of the London Metal Exchange, the world's largest market for copper trading, where Sumitomo Corp.'s "rogue trader" helped rack up \$1.8 billion in losses.

The Securities and Investments Board said its review would encompass the entire workings of the market, which has been faulted by some critics for lax oversight and lack of transparency in the billions of dollars' worth of trades executed there each year in copper, lead, zinc, aluminum, nickel and tin.

Sumitomo is not a member of the exchange but, like other metal traders, uses member brokers to do business there. The Sumitomo loss now promises to be among the most investigated episodes in the annals of modern markets, involving authorities and multiple agencies here, in the United States and in Japan, including Britain's Serious Fraud Office, the U.S. Attorney in Manhattan, and the Commodity Futures Trading Commission.

[Sumitomo Corp. said Wednesday it was scrapping a plan to

buy back its own shares and instead would use the money, along with other cash and securities, to help cover its estimated \$1.8 billion copper trading losses, Reuters reported from Tokyo.

[Shareholders of the giant trading house, meanwhile, plan to take legal action against Sumitomo, seeking compensation for alleged mismanagement in relation to the loss, a lawyer for a shareholders' group said.]

The Securities and Investments Board is the overall regulator of financial services in Britain. Although it is a non-governmental agency without prosecutorial powers, it reports to the British finance minister.

The board and the London Metal Exchange had received allegations of improper trading activities by Yasuo Hamanaka as early as 1991. While board officials did not go further in part because it lacked power to investigate companies which are not actually members of the various exchanges in London.

The board is being credited with helping to alert Sumitomo to what the company has called "unauthorized trading" by Mr. Hamanaka when it began looking into the extreme volatility of prices on the copper market.

Alitalia and Unions Agree To Rescue Ailing Airline

Plan Includes Employees Taking a 20% Stake

Compiled by Our Staff From Dispatches

MILAN — Alitalia SpA said Wednesday it had reached an agreement with its unions that should set the stage for a cost-cutting program and a \$1 billion capital injection to save the money-losing airline.

The labor pact includes a first-for-a-major-European-airline: employees will take at least a 20 percent stake in the company and will have three seats on the board.

The agreement could pave the way for Alitalia's corporate parent, the state holding company Istituto per la Ricostruzione Industriale, or IRI, to give the company a 1.5 trillion-lire (\$1 billion) to keep it afloat. Alitalia has lost money seven years in a row, for a total deficit of 1.2 trillion lire over the period.

"Alitalia is not out of the woods at all," said Flavio Cereda, analyst at Alfred Berg in London. "They have a cost base that is about 25 percent above what it should be. They have to cut out and become more efficient or else they are finished."

"It is a good accord that will allow the saving of the company and protect the workers. We are satisfied," said Sandro Degni, secretary general of the Uil-Transporto union.

Luigi Martini, chairman of the pilots' union, described the deal as

"a historic accord" and stressed the importance of a deal that involved the company and its employees.

The European Commission, which generally tries to prevent bailouts of inefficient state companies, said it would insist on vetting the plan before it was carried out.

"It will need to convince us that it will turn the company around once and for all," said Sarah Lambert, EU transport spokeswoman.

The commission has in the past allowed capital injections for Air France, Iberia SA of Spain and Sabena of Belgium on the condition they are combined with stringent cost-cutting plans to put the airlines back on their own feet.

Ms. Lambert said the fact that Alitalia had never asked for state aid before would help its case.

IRI plans to inject up to 3.5 trillion lire into Alitalia over the next five years, along with other investors, as part of its plan to eventually turn the airline over to private ownership.

Alitalia said Wednesday the agreement with the unions "isn't a victory by any single part, but for the company in its entirety, that from today on will undertake the difficult task of putting the plan into action."

Without citing any specifics, it said all sides agreed on the need to

make structural cost cuts.

Analysts said if the airline is to survive, the unions were now going to have to agree to heavy job cuts.

Under the agreement, signed with Domenico Cempella, chief executive officer, the unions agreed to cut costs to bring the airline back to profit, but no concrete decisions were taken.

Mr. Cempella presented a plan in May that called for cutting 3,000 jobs out of the company's work force of 18,000, introducing more flexible work rules and lower salaries for new hires, cutting some long distance routes, and splitting the airline into two companies to handle short- and long-haul flights.

Unions initially opposed the plan, and have been meeting with management since then.

"This result allows us to clear the dark clouds that were over Alitalia and save jobs," the unions said.

An Alitalia spokeswoman said nothing had been rejected from Mr. Cempella's plan.

Mr. Cereda said, "The unions really had no choice but to agree because the company is basically bankrupt. They may agree to job cuts, but what matters is if they proceed with the speed they should."

(Bloomberg, Reuters)

Court Ruling Deals a Blow to Malaysian Dam Project

Compiled by Our Staff From Dispatches

KUALA LUMPUR — In a blow to Malaysia's government, the High Court ruled Wednesday that a \$5.5-billion hydroelectric dam to be built in a Borneo rain forest violated environmental law.

The court ruled that the views of three tribal residents in the dam area, who sued the government, should have been heard before the dam was approved, the national news agency Bernama said.

Malaysia only on Thursday awarded the main contract for the Bakun

dam, one of the largest infrastructure projects in Southeast Asia, to a consortium led by Swiss-based ABB Asea Brown Boveri Ltd. and Brazil's CBPO.

The project in Malaysia's Sarawak state would clear 69,000 hectares (170,000 acres) of forest land, flood an area the size of Singapore and force some 9,000 tribal residents to move.

Most of the power from the 2,400-megawatt dam would be transmitted via a record-setting 650-kilometer (400-mile) cable under

the sea to peninsular Malaysia.

The two sides in the case disagreed over how to interpret the ruling.

Malaysia's deputy prime minister, quoted by Bernama, said the project could go ahead and described the ruling as a "technicality" that could be rectified. ABB also said it did not expect the project to be delayed by the ruling.

The lawyer for the plaintiffs, Thayan Nuniandi, said the decision meant that all activities at the dam must cease immediately. The High Court ruled that the

Science, Technology and Environment Ministry was wrong to delegate authority to issue the required environmental impact assessment to the Sarawak state government, a major shareholder in project.

It also said the views of the plaintiffs should have been reflected in the impact statement.

"This court shall not idly stand by to witness such injustice, especially when the plaintiffs have turned to this institution to seek redress," Judge James Foong said. The dam has drawn criticism

from environmentalists around the world. Last month, the European Parliament called for an immediate halt to the project.

Harrison Ngau, whose Friends of the Earth group in Sarawak has led local protests against the dam, said the government was wrong to award the contract before the High Court had made its decision.

Government lawyers said after the ruling they would appeal to the Court of Appeals and the Supreme Court if necessary to overturn the decision. (Reuters, Bloomberg)

INTERNATIONAL MANAGER

Wada Waits for Markets to Catch Up to His Ambitions

By Edward A. Gargan
New York Times Service

SHANGHAI — The Japanese retailing magnate Kazuo Wada's latest gambit might seem like a long shot: he has built the world's second-biggest department store after Macy's in New York, and stocked it with everything from a fire-engine-red Ferrari to imported cosmetics in this city whose population can mostly just gawk at such luxuries.

But Mr. Wada has always liked to take risks. Inspired by his first encounter with a modern supermarket in America in the 1960s, he returned home and transformed his family's vegetable business into a chain of general stores that competed with Japan's retailing giants. A decade later, he opened two stores in São Paulo, largely because he had heard that city had a big Japanese population.

Later, he tried his luck in Singapore, even though it was still a mostly poor city-state struggling to industrialize. In 1984, defying the advice of bankers and industrialists, he chose a fishing village rather than a downtown location as the site for his first store in Hong Kong.

Not all the ventures succeeded. But enough did to enable Mr. Wada to build his Yaohan International Holdings Ltd. into a retailing, restaurant and property conglomerate with annual revenue approaching \$3 billion and interests on four continents, including su-

Ahead of the Crowd

1980
Because Mr. Wada failed to secure an insurance policy, a fire that destroyed his parents' vegetable store in Atami, Japan, wiped out the family business. Mr. Wada takes the lead in rebuilding.

1982
Mr. Wada visits American super markets, returns home and turns the vegetable stand into the Yaohan department store chain. Later he builds up holdings of U.S. stores and restaurants.

1971
Mr. Wada expands the Yaohan chain to Brazil, initially with success. But hyperinflation touched off by the decade's oil crisis soon wrecks the business.

1972
Yaohan opens a department store in Singapore just as the country is taking off economically. Later, Mr. Wada adds retail operations in Malaysia, Brunei, Thailand and Indonesia.

1984
A remote area of the New Territories is chosen for Yaohan's first store in Hong Kong; the area develops rapidly and the store booms. In 1990, Mr. Wada moves his headquarters to Hong Kong from Tokyo.

1995-96
Yaohan opens its largest store in Shanghai, second in size only to Macy's Herald Square store in New York, and Mr. Wada says he will move his home office again, this time to Shanghai from Hong Kong.

NYT

permarkets and department stores in the United States and a restaurant in New York.

Now he is pursuing his most ambitious project so far: the Nextage department store across the mud-brown Huangpu River from downtown Shanghai. Built on land where water buffalo worked rice fields a decade ago, Nextage opened in December to a million people.

All day, the crowds surged across a marbled esplanade, pushing past bowing women in red berets under soaring arches before pouring into the 10-floor emporium. But while Shanghai is a prosperous city by Chinese standards, with a per capita annual income of nearly \$2,000, the store's wares were out of the reach of most shoppers.

The Ferrari was priced at \$350,000, or 636 years worth of wages for the average Chinese. A black Cadillac Fleetwood could be had for

\$95,000. Also on prominent display were designer suits, wide-screen Toshiba televisions, Hallmark cards and pricey makeup made by Princess Marcella Borghese.

After the curiosity seekers got their fill, traffic plummeted and revenue thinned. But Mr. Wada remains unperturbed. He has always specialized in moving into promising areas just a little too soon, and then reaping the rewards when his market catches up with his ambition.

"I see China's era as the 21st century," Mr. Wada said from his opulent Hong Kong home. Sky High, the 42,000 square-foot (3,906 square-meter) former residence of the *taipans* — or "big boss" — of Hong Kong & Shanghai Banking Corp., a building perched on the summit of Victoria Peak. "My philosophy is doing things at the best time. Everyone is pessimistic now, so things are right now."

Mr. Wada's supporters say China's favorable economic outlook supports his investment theory. "Wada-san is looking 10 years into the future," said a Japanese economist who requested anonymity. "They don't have to make a profit for five years. The rich Shanghaiers are increasing every year. In Shanghai, Yaohan only needs 3 percent of the population."

Mr. Wada, 68, favors blue suits and dark ties, but his conservative demeanor masks a flamboyant business style.

In 1990, in a move without parallel in Japanese corporate history, he shifted Yaohan's headquarters to Hong Kong to escape what he called his homeland's suffocating business climate.

"I thought that if I stayed in Japan, I would not be able to create an international conglomerate," Mr. Wada said. "In Japan, the top leader can't make a decision; everything has to come from the bottom." Unless it changes its ways, he said, "Japan will miss the train."

Enthralled by China's economic boom, Mr. Wada announced plans to move his headquarters to Shanghai this month and become the first big Asian corporation to base itself inside China. He has already opened 23 supermarkets around the country and hopes to create a China-wide empire of department stores, warehouses, supermar-

See WADA, Page 17

CLT's Chief Resigns On Eve of TV Merger

Bloomberg Business News

BRUSSELS — Compagnie Luxembourgeoise de Télédiffusion SA, a Luxembourg television company at the center of Europe's shifting video landscape, said Wednesday that its chief executive, Michel Delloye, had resigned.

His July departure comes as CLT negotiates its combination with part of Bertelsmann AG of Germany, Europe's biggest media company. CLT is also forming an alliance with France Télévision, Société Télévision Française 1 and Lyonnais des Eaux SA to penetrate the French digital TV services market.

Its alliances will make CLT "a powerful, well-funded, well-connected player just as the table is being set up for Europe's digital TV poker game," said Ross Parsons, editorial director at CIT Publications in London.

"It could be that Bertelsmann is trying to run the whole thing," Andrea Kirkby, a media and telecommunications analyst at Daiwa Institute of Research said about Mr. Delloye's quitting, "or that he doesn't want to go with Bertelsmann or that

Havas is holding up the deal." Havas SA, a French media company, is a CLT shareholder.

CLT did not say why Mr. Delloye, 42, is leaving after four years. Karin Schintgen, a CLT spokeswoman, said it was his decision.

In July, CLT said it would say more about its new organization after it merges with Bertelsmann AG's UFA unit to create Europe's largest audiovisual company.

If the merger gets regulatory approval, CLT will become the fastest-growing media company in Europe, according to CIT Research Ltd. in London, moving to the fifth-biggest media company in Europe from the ninth biggest at present in a ranking of sales and profit per employee.

CLT is one of the few companies with a strong position in Germany, Benelux and France as companies move to capitalize on the emerging digital broadcasting era.

According to the daily Le Soir, Mr. Delloye may have been unhappy at the prospects of sharing the leadership following the merger.

CURRENCY & INTEREST RATES

Cross Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
Australian	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
British	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Canadian	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
French	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
German	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Italian	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Japanese	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
New Zealand	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Portugal	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Spain	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Switzerland	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Taiwan	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Thailand	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
US Dollar	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Yen	1.54	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52

Source: Reuters, Bloomberg, etc.

Eurocurrency Deposits									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
1-year	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Source: Reuters, Bloomberg, etc.

Key Money Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
1-year	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Source: Reuters, Bloomberg, etc.

Forward Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
1-year	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Source: Reuters, Bloomberg, etc.

Mexico Plans Early Payment to U.S.

Debt Installment of \$4.7 Billion Will Be Returned Ahead of Schedule

By Julia Preston
New York Times Service

MEXICO CITY — Buoyed by growing confidence in the international financial markets, Mexico has announced that it would pay back \$4.7 billion of the money it borrowed from the United States ahead of schedule and before the end of the summer.

Mexico will pay off the loans, which amount to 45 percent of its outstanding debt to Washington as a result of the 1995 bailout that followed the collapse of the peso, by refinancing its loans at lower cost or with longer terms.

It will do so through several operations, and began one of these operations Tuesday, with the syndication of \$3 billion in five-year notes to private banks.

To help Mexico refinance, the U.S. Treasury has agreed to release its hold on some of the collateral that Mexico provided for the original loan, Mexican officials said. To guarantee the \$12.5 billion it borrowed, Mexico, in an unpre-

cedented arrangement, gave the United States the right to draw on earnings from its oil exports in case of default.

The Treasury allowed Mexico to offer the same petroleum rights to back up the notes it began to offer Tuesday, Mexican finance officials said.

President Bill Clinton made a high-stakes political gamble in February 1995 when he reached into a special stabilization fund to offer Mexico as much as \$20 billion in loans to avert financial collapse after the disastrous devaluation of the peso and the accompanying severe squeeze on credit.

In all, the administration and the International Monetary Fund offered credit totaling nearly \$50 billion to help bail out Mexico. But President Ernesto Zedillo's officials have begun to steady the economy and to regain the confidence of the international markets sooner than most analysts had expected.

Although Mexican wage earners are still struggling with the worst economic recession in six decades, most experts

here say that signs of gradual recovery are multiplying.

Among the heartening indicators, Mexico announced Tuesday that it had earned \$8.04 billion from exports in May, a record.

Mexico has had several successes this year in placing longer-term debt on the markets. Officials are confident that the bonds they began to sell Tuesday would generate most of the money needed to repay the United States.

Mexico was not scheduled to make any payments on the loans from the United States until 1997. After a repayment of \$1.3 billion in January, it owed \$10.5 billion.

Officials here said the timing had everything to do with the recuperation of the economy and the logic of debt management and nothing to do with election-year politics in the United States.

"This deal has all the advantages," Finance Minister Guillermo Ortiz said. "It is a clear financial plus for everyone."

THE AMERICAS



IBM Set to Enter Bid for Company Intranet Systems

By Laurence Zuckerman
New York Times Service

NEW YORK — Responding to stepped-up competition from Microsoft Corp. and Netscape Communications Corp., IBM Corp. plans to announce its strategy for building internal corporate computer networks using new software from its Lotus subsidiary.

The move is an attempt by IBM to stake a claim to the fast-growing market for so-called intranets, which are networks set up within businesses using the same technology that is the foundation of the global Internet.

Many computer-industry analysts expect that such corporate networks to provide most of the revenue for computer hardware and software vendors over the next few years as an increasing number of businesses expand their internal networks to improve efficiency and build closer ties with customers and suppliers.

IBM took a big leap into this arena last year when it bought Lotus Development Corp. for \$3.5 billion. But the rapid rise of the Internet cast a pall over the acquisition. Lotus's Notes software, which pioneered many of the functions now being developed for intranets, was built on different software standards from the Internet.

Although sales of Notes have tripled in the last year, intranet software from Netscape and smaller start-up companies is growing even faster. Netscape currently dominates the intranet market, saying that 92 of the largest 100 U.S. companies already use its products.

In addition, Microsoft, which dominates the global market for personal computer software, announced last week that it planned to move aggressively into the intranet market with a number of new products.

IBM's response is a new software code named Domino that incorporates many of Notes' sophisticated features but also supports the more widely adopted Internet standards.

Executives at Lotus and IBM, who spoke on condition that they would not be identified, said the new software would make it easier for corporations to manage their internal networks and at the same time allow large numbers of unsophisticated users to obtain information using such browser software as the popular Netscape Navigator.

A key selling point of the new software is a feature of Notes called replication that enables information on the network to be constantly updated across several separate computers.

■ The Washington Post Goes on the Web

The Washington Post Co. on Wednesday unveiled an electronic news and information service available to anyone with access to the World Wide Web, Reuters reported.

The service, called WashingtonPost.com, allows users to read current and past issues of the paper on their computer screens, the newspaper said.

Very briefly:

- Navistar International Corp. plans to cut 3,000 jobs at its Springfield, Ohio, truck plant, which is 60 percent of the plant's work force.
- U.S. imports of oil and oil products shot up dramatically in May to reach 9.98 million barrels a day, the second highest monthly import level on record, the American Petroleum Institute reported.
- Chevron Corp. will proceed with the \$750 million Genesis project to develop a new oil and gas field in the Gulf of Mexico. Genesis will be the first deepwater development operated by Chevron and should start production in late 1998.
- Tele-Communications Inc. will spin off TCI Satellite Entertainment Inc., its direct-broadcast satellite unit, in a transaction valued at as much as \$2.5 billion.
- Boeing Co. plans to increase production of the Boeing 737 to 17 planes per month by early 1998 in response to increasing demand.
- The U.S. International Trade Commission has voted unanimously to impose anti-dumping duties of 118 percent on clad steel plate from Japan.
- The U.S. Justice Department said that it would allow the \$3.4 billion acquisition by the Thomson Corp. of West Publishing Co. as long as Thomson sells off more than 50 legal publications and takes several other steps.

Names, names, names...

- Henry F. Frigon has been named CompuServe Inc.'s new interim chairman in Columbus, Ohio. He will succeed Richard H. Brown, who will become chief executive of Cable & Wireless PLC in London.
- Michael Wolf will succeed Michael Farrell as president and chief executive of MK Rail Corp. in Pittsburgh.

Bloomberg, AFP, Knight-Ridder, AFX, NYT, Reuters, AP

Shares Close Mixed as Retailers Slide

Compiled by Our Staff From Dispatches

NEW YORK — Stocks were mixed Wednesday as a drop in retail issues offset gains made on a Federal Reserve Board economic report that did not sound any new alarms on inflation, traders said.

The Dow Jones industrial average closed 22.54 points higher, at 5,648.35.

Declining issues outnumbered advances by a 13-to-9 ratio on the New York Stock Exchange.

Bond prices rose briefly after the Fed's "beige book" reported that economic growth remains modest with little sign of inflation at the consumer level.

But the benchmark 30-year Treasury bond closed 4/32 lower, at 86 10/32, to yield 7.11 percent, up from 7.10 percent on Tuesday.

The advance in stocks was led by Boeing after the company said it would double production of the 737 plane in the next two years.

Boeing closed 1 1/2% higher, at 84 1/2.

Byron Callan, an analyst at Merrill Lynch & Co., raised his estimate for Boeing's 1997 earnings to \$5.20 a share from \$4.85.

Retail shares fell after the Bank of Tokyo-Mitsubishi/Schroder Wertheim weekly same-store sales report found sales little changed in the second week of June.

Wal-Mart Stores slid 1/2%, to 24 1/2, Sears fell 3/4%, to 49 1/4, and Kmart dropped 1, to 12 1/4.

Investors continued to punish shares of companies that reported disappointing profits or made a more sober projection.

Minutest stock dropped 2 1/4, to 12 1/4, in response to the medical supplies company's fourth-quarter earnings were below expectations.

Xelion NV's American depositary receipts dropped 10 1/2%, to 11 1/2. The Belgian printing company said its second-quarter earnings would not meet expectations.

Minnesota Mining & Manufacturing rose 1 1/4, to 68 after it said it had increased its regular quarterly dividend to 49 cents from 47 cents.

OfficeMax climbed 2, to 23, after Dean Witter Reynolds raised its rating for the office supplies company.

On Nasdaq, HMT Technology gained 3, to 17 1/4, after the company withdrew its offer to sell 4 million common shares and \$150 million in convertible notes.

CompuServe fell 1/2, to 22 1/4, after it surprised analysts with a smaller loss than expected in its first quarterly report since H&R Block spun off the online service. (Bloomberg, Reuters, AP)

U.S. STOCKS

The dollar closed at 107.975, up from 107.795 on Tuesday.

The dollar was lifted against the Deutsche mark by expectations for money supply data, due Thursday, to show that growth may have slowed enough in May to allow the Bundesbank to cut rates at its next policy meeting.

The dollar also was bolstered by a report from Ifo, the German economics

BOJ Remarks Soothe Dollar Holders

Compiled by Our Staff From Dispatches

NEW YORK — The dollar edged up against the yen Wednesday as statements from Bank of Japan officials eased fears that interest rates there would rise soon.

A surge in Japan's first-quarter gross domestic product, reported Tuesday, sent the dollar plunging because of concern the central bank would have room to raise rates. But a Bank of Japan official said Wednesday that it was "risky" to make economic assessments merely on the GDP data.

Analysts also pointed out that it was not clear whether Japan's economy could grow on its own, without the billions of dollars in government spending pumped into it in the last few years.

"It would be a surprise if they decided to raise rates on this immediately, because as they've said they're not convinced at the moment that there's a self-sustainable recovery," said David Brickman at Yamaichi Securities.

The dollar closed at 107.975, up from 107.795 on Tuesday.

FOREIGN EXCHANGE

The dollar was lifted against the Deutsche mark by expectations for money supply data, due Thursday, to show that growth may have slowed enough in May to allow the Bundesbank to cut rates at its next policy meeting.

The dollar also was bolstered by a report from Ifo, the German economics

institute, that warned that Bonn's strategy to cut unemployment by half by 2000 would fail unless it beefed up its austerity program with further cuts in taxes and in public spending.

The dollar closed at 1.5218 Deutsche marks, up from 1.5120 DM Tuesday. The dollar rose to 5.1595 French francs from 5.1340 francs and to 1.2530 Swiss francs from 1.2455 francs. The pound slipped to \$1.5440 from \$1.5446.

In the United States, analysts said they expected to see higher interest rates by the end of the year, given recent signs of economic improvement. They cited a special Philadelphia Federal Reserve survey, released Wednesday, which pegged second-quarter GDP growth at a robust 4 percent. (Reuters, Bloomberg, AFX)

AMEX

Stock	High	Low	Close	Change
AMEX	589.58	589.58	589.58	-0.01
AMEX 100	558.98	558.98	558.98	-0.13
AMEX Composite	355.52	355.52	355.52	-0.07
AMEX Market Value	589.58	589.58	589.58	-0.01
AMEX TSE Index	5972.76	5972.76	5972.76	-0.24
AMEX Bovespa	58067.50	58067.50	58067.50	-0.03
AMEX Mexico City	3210.85	3210.85	3210.85	-0.02
AMEX Buenos Aires	551.71	551.71	551.71	-0.02
AMEX Santiago	5494.78	5494.78	5494.78	-0.02
AMEX Caracas	4222.22	4222.22	4222.22	-0.03

INTERNATIONAL FUTURES

June 19, 1996 High Low Close Open High Low Close Open High Low Close Open High Low Close Open

ORANGE JUICE (CNY)					10-YEAR FRENCH GOV. BONDS (MATIF)					HEATING OIL (NUMBER)				
Jul 96	12.00	12.00	12.00	-2.25	5.75	Jul 96	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Aug 96	12.00	12.00	12.00	-2.25	5.75	Aug 96	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Sep 96	12.00	12.00	12.00	-2.25	5.75	Sep 96	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Oct 96	12.00	12.00	12.00	-2.25	5.75	Oct 96	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Nov 96	12.00	12.00	12.00	-2.25	5.75	Nov 96	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Dec 96	12.00	12.00	12.00	-2.25	5.75	Dec 96	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jan 97	12.00	12.00	12.00	-2.25	5.75	Jan 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Feb 97	12.00	12.00	12.00	-2.25	5.75	Feb 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Mar 97	12.00	12.00	12.00	-2.25	5.75	Mar 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Apr 97	12.00	12.00	12.00	-2.25	5.75	Apr 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
May 97	12.00	12.00	12.00	-2.25	5.75	May 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jun 97	12.00	12.00	12.00	-2.25	5.75	Jun 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jul 97	12.00	12.00	12.00	-2.25	5.75	Jul 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Aug 97	12.00	12.00	12.00	-2.25	5.75	Aug 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Sep 97	12.00	12.00	12.00	-2.25	5.75	Sep 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Oct 97	12.00	12.00	12.00	-2.25	5.75	Oct 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Nov 97	12.00	12.00	12.00	-2.25	5.75	Nov 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Dec 97	12.00	12.00	12.00	-2.25	5.75	Dec 97	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jan 98	12.00	12.00	12.00	-2.25	5.75	Jan 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Feb 98	12.00	12.00	12.00	-2.25	5.75	Feb 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Mar 98	12.00	12.00	12.00	-2.25	5.75	Mar 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Apr 98	12.00	12.00	12.00	-2.25	5.75	Apr 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
May 98	12.00	12.00	12.00	-2.25	5.75	May 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jun 98	12.00	12.00	12.00	-2.25	5.75	Jun 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jul 98	12.00	12.00	12.00	-2.25	5.75	Jul 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Aug 98	12.00	12.00	12.00	-2.25	5.75	Aug 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Sep 98	12.00	12.00	12.00	-2.25	5.75	Sep 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Oct 98	12.00	12.00	12.00	-2.25	5.75	Oct 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Nov 98	12.00	12.00	12.00	-2.25	5.75	Nov 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Dec 98	12.00	12.00	12.00	-2.25	5.75	Dec 98	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jan 99	12.00	12.00	12.00	-2.25	5.75	Jan 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Feb 99	12.00	12.00	12.00	-2.25	5.75	Feb 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Mar 99	12.00	12.00	12.00	-2.25	5.75	Mar 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Apr 99	12.00	12.00	12.00	-2.25	5.75	Apr 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
May 99	12.00	12.00	12.00	-2.25	5.75	May 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jun 99	12.00	12.00	12.00	-2.25	5.75	Jun 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jul 99	12.00	12.00	12.00	-2.25	5.75	Jul 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Aug 99	12.00	12.00	12.00	-2.25	5.75	Aug 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Sep 99	12.00	12.00	12.00	-2.25	5.75	Sep 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Oct 99	12.00	12.00	12.00	-2.25	5.75	Oct 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Nov 99	12.00	12.00	12.00	-2.25	5.75	Nov 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Dec 99	12.00	12.00	12.00	-2.25	5.75	Dec 99	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jan 00	12.00	12.00	12.00	-2.25	5.75	Jan 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Feb 00	12.00	12.00	12.00	-2.25	5.75	Feb 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Mar 00	12.00	12.00	12.00	-2.25	5.75	Mar 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Apr 00	12.00	12.00	12.00	-2.25	5.75	Apr 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
May 00	12.00	12.00	12.00	-2.25	5.75	May 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jun 00	12.00	12.00	12.00	-2.25	5.75	Jun 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jul 00	12.00	12.00	12.00	-2.25	5.75	Jul 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Aug 00	12.00	12.00	12.00	-2.25	5.75	Aug 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Sep 00	12.00	12.00	12.00	-2.25	5.75	Sep 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Oct 00	12.00	12.00	12.00	-2.25	5.75	Oct 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Nov 00	12.00	12.00	12.00	-2.25	5.75	Nov 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Dec 00	12.00	12.00	12.00	-2.25	5.75	Dec 00	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jan 01	12.00	12.00	12.00	-2.25	5.75	Jan 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Feb 01	12.00	12.00	12.00	-2.25	5.75	Feb 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Mar 01	12.00	12.00	12.00	-2.25	5.75	Mar 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Apr 01	12.00	12.00	12.00	-2.25	5.75	Apr 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
May 01	12.00	12.00	12.00	-2.25	5.75	May 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jun 01	12.00	12.00	12.00	-2.25	5.75	Jun 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jul 01	12.00	12.00	12.00	-2.25	5.75	Jul 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Aug 01	12.00	12.00	12.00	-2.25	5.75	Aug 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Sep 01	12.00	12.00	12.00	-2.25	5.75	Sep 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Oct 01	12.00	12.00	12.00	-2.25	5.75	Oct 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Nov 01	12.00	12.00	12.00	-2.25	5.75	Nov 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Dec 01	12.00	12.00	12.00	-2.25	5.75	Dec 01	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jan 02	12.00	12.00	12.00	-2.25	5.75	Jan 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Feb 02	12.00	12.00	12.00	-2.25	5.75	Feb 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Mar 02	12.00	12.00	12.00	-2.25	5.75	Mar 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Apr 02	12.00	12.00	12.00	-2.25	5.75	Apr 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
May 02	12.00	12.00	12.00	-2.25	5.75	May 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jun 02	12.00	12.00	12.00	-2.25	5.75	Jun 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jul 02	12.00	12.00	12.00	-2.25	5.75	Jul 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Aug 02	12.00	12.00	12.00	-2.25	5.75	Aug 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Sep 02	12.00	12.00	12.00	-2.25	5.75	Sep 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Oct 02	12.00	12.00	12.00	-2.25	5.75	Oct 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Nov 02	12.00	12.00	12.00	-2.25	5.75	Nov 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Dec 02	12.00	12.00	12.00	-2.25	5.75	Dec 02	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jan 03	12.00	12.00	12.00	-2.25	5.75	Jan 03	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Feb 03	12.00	12.00	12.00	-2.25	5.75	Feb 03	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Mar 03	12.00	12.00	12.00	-2.25	5.75	Mar 03	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Apr 03	12.00	12.00	12.00	-2.25	5.75	Apr 03	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
May 03	12.00	12.00	12.00	-2.25	5.75	May 03	12.00	12.00	12.00	1.10	1.05	1.08	1.08	1.08
Jun 03	12.00	12.00	12.00	-2.25	5.75	Jun 03	12.00	12.00	12.0					

APR 20 1996

EUROPE

Ford Shuffles Its Management in Europe

COLOGNE — Ford Motor Co. announced a major shakeup to the U.S. car giant's European management on Wednesday, saying it would help Ford continue building market share on the Continent.

Alexander Trotman, chief executive, said Albert Caspers would step down from his two-fold position as head of the German unit Ford-Werke AG and Ford of Europe and that his duties would be split between two successors on July 30.

Ford Motor also said it had no plans to cut jobs in Germany, although it faced some of the highest labor costs in the world, and that it planned to lift its market share there.

Mr. Trotman said William Bodie, executive director of Ford's small and medium-sized vehicle center in Cologne, would take over as chairman of Ford-Werke's management board.

Ed Hagenlocker, president of Ford Automotive Operations, will take over as chairman of Ford of Europe, serving as Ford's main representative at the European Union.

Calling the announcement "bittersweet," Mr. Trotman said Mr. Caspers was responsible for Ford's

A Chinese factory plans to make Ford minivans. Page 17.

stronger European sales, including the strongest monthly sales in Germany in five years in May.

Mr. Caspers, 63, was expected to step down this year, and there had been speculation that his duties would be split.

Mr. Caspers has won wide credit for guiding Ford-Werke out of the red by demanding better engines and handling for its cars and improving the company's image in

Germany in part by sponsoring sports events.

Germany's financial daily Handelsblatt reported Wednesday that pressure was growing on the parent company to move some operations from Germany to lower-cost areas.

But Mr. Trotman said, "There are no plans to change production sites or employment in Germany."

He said he expected Ford to continue to make strides in Germany. "Our market share is on a very positive trend in Germany," he said. "It's too early to make forecasts, but I believe our share will be up in 1996 over 1995."

Last year, the company had a German market share of 11.3 percent.

Mr. Trotman said Ford was aiming to achieve a European market share of 15 percent, up from 12.1 percent last year.

Ford has invested \$1.8 billion in Europe as part of its new Ford 2000

program to manage production.

"We are moving away from regional to a single set of worldwide processes and systems in product development, manufacturing, materials and marketing activities. The idea is to eliminate waste and redundancies," he said.

"Savings are expected to rise in the coming years."

Mr. Trotman said Ford planned to reduce the number of its production platforms worldwide to 16 from a current 24 in six to seven years.

"In addition, we will cut the number of different engine and transmission combinations despite a rise in the number of our product lines," he said.

Ford plans to expand its product line considerably over the next five to 10 years. "I hope we'll be first in inventing new segments as we go," Mr. Trotman said.

(Reuters, Bloomberg, AFP)

Aznar Sees Spanish Reforms On Track

MADRID — Prime Minister José María Aznar, dismissing criticism in financial markets that he is moving too slowly, has promised more austerity measures to get Spain in shape for the planned European single currency.

"If you know any government that has taken more profound steps in 43 days than this one, show it to me, because I want to get to know it," Mr. Aznar said. "There is no reason to be impatient."

The fledgling conservative government announced early this month a first set of measures designed to stimulate the economy and to promote investment in long-term assets.

Spanish markets welcomed the measures as far as they went, but economists and investors complained the steps had not gone to the heart of structural problems the conservatives had pledged to deal with in their electoral platform.

"The measures have by no means finished. We will continue," Mr. Aznar said.

Mr. Aznar had said before taking office that he wanted to avoid following in the footsteps of President Jacques Chirac of France, whose belated announcements of austerity measures sparked serious public-sector unrest.

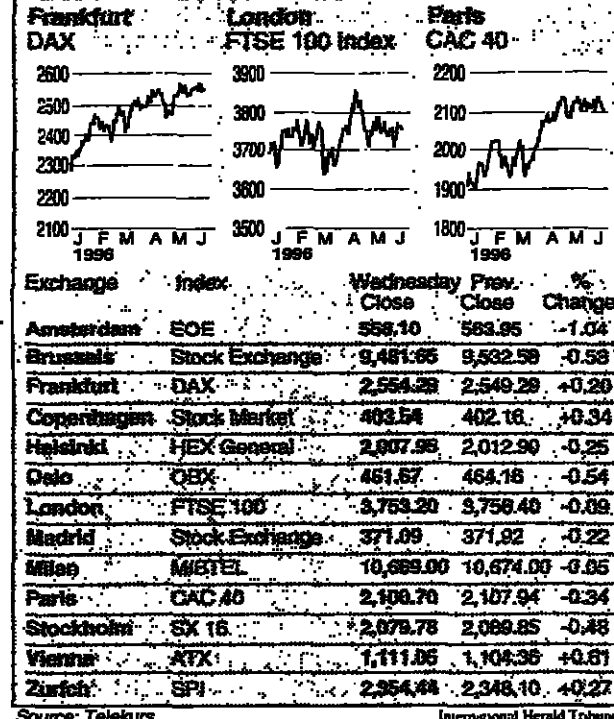
"It's already a fact that has not happened to me," he said. "Something else might happen to me, but not that."

Mr. Aznar promised fresh cuts in public spending and said he would do whatever was necessary to ready Spain for the launch of the European Union's currency union in 1999.

He said that as part of a reform of the military he was looking at the possibility of selling part of its large holdings of land and buildings.

"The government will do everything it needs to do, without any doubt, so that Spain can pass the test for monetary union," he pledged.

Investor's Europe



Source: Reuters International Herald Tribune

Chargeurs Says Pathé Will Post Profit in '96

PARIS — Chargeurs SA, the French textiles and entertainment company, which is gearing up for a split into two publicly traded companies on June 24, said its media unit, Pathé, will be profitable in the first half and in the full year of 1996.

The Paris-based company, however, said that continuing declines in wool sales would hurt its textiles business.

Both the media and textile operations were unprofitable in 1995, when the company reported a net loss of 574 million French francs (\$111.8 million). In February Chargeurs said

it would separate its high-flying media interests from its stodgy textile and transport businesses.

The split, which Jérôme Seydoux, Chargeurs chairman, said was the result of "temerity and chance," was approved by the company's shareholders at its annual meeting Wednesday.

Shareholders of Chargeurs are getting a share of Pathé and a share of the textile and transport company, Chargeurs International.

Pathé will include Chargeurs' 17-percent stake in British Sky Broadcasting, 20 percent stake in the Canal Plus SA unit CanalSatellite, Pathé Television, Pathé Cinema —

best known for its library of black-and-white documentaries — and the French newspaper, Libération. The other company will pool Chargeurs' textiles, transport and other businesses.

Pathé and Chargeurs International are holding separate meetings to vote on the split on Friday.

The Chargeurs move fits a trend among companies with diverse operations to split their business interests to increase shareholder value. Such reorganizations began last year in the United States with the breakups of ITT Corp. and AT&T Corp., and made their way to Europe this year with Thorn EMI,

Hanson PLC and British Gas PLC.

"We have shown that it's possible to do the same in France," Mr. Seydoux said Wednesday, adding that the split was helped by the French administration's decision to make it a tax-free transaction.

Investors have shown their approval for the decision, pushing the company's shares up almost 25 percent since the split was announced. Chargeurs shares were up 1 franc at 1,479 after touching a 52-week high of 1,493.

Mr. Seydoux, who will head the Pathé unit after the split, said media operations are being aided by strong results at BSkyB.

Very briefly:

- **Aerospatiale**, the French state-owned aircraft maker, is likely to cut its work force by 3,000 between now and 1998, from 37,000 currently, to improve its competitiveness, Louis Gallois, the company's chairman, said.
- **Moulinex SA's** shares rose 21 percent, to 98.2 francs (\$19.11), lifted by the company's plans to cut up to a fifth of its work force and close two production sites in northern France. France's finance minister praised the plan, saying a restructuring was needed, but the country's industry minister criticized the cuts as "unacceptable."
- **Crédit Lyonnais** plans to sell off its wholly owned Banque Laidner unit by the end of the summer.
- **Crédit Foncier de France SA** is in contact with five companies interested in taking a stake in the unprofitable bank, Jérôme Meyssonnier, the bank's governor, told the La Tribune Desfosses newspaper.
- **Bremer Vulkan AG's** offices have been raided by police investigating fraud allegations against former executives of the bankrupt shipbuilder.
- **IG Metall** has reached a 16-month wage deal that gives 100,000 German steelworkers a 1.8 percent pay increase for the 12 months from Oct. 1 and a monthly payment of 100 Deutsche marks (\$66.09) from June through September.
- **Germany's** 465,000 bank industry workers agreed to a one-year contract with a 1.95 percent pay increase.
- **Coca-Cola Co.** paid 1.1 billion Swedish kronor (\$165 million) to end its bottling, distribution and sales contract for Norway and Sweden with Pripps Ringnes AB.

Names, names, names...

- **Yoni Cohen** has been appointed to the new position of vice president of television and broadcasting for PolyGram Film Entertainment, a unit of PolyGram NV.
- **Nigel Stapleton** will replace Ian Irvine as co-chairman of Reed Elsevier PLC, the British-Dutch media company.

Bloomberg, Reuters, AP, AFP, AFX

U.S. Firms Hooking Up to Spain's Telefónica?

MADRID — AT&T Corp. and GTE Corp. may buy a stake in Telefónica Internacional, which controls the lucrative business of Telefonía de España SA in Latin America, according to a published report on Wednesday.

The financial daily Expansión said the U.S. companies are negotiating to jointly buy between 20 percent and 25 percent in Telefónica Internacional, for a price estimated at between \$1.3 billion and \$1.5 billion. The paper said it expected the agreement to be concluded

sometime after August.

Tisa, as Telefonía Internacional is known, operates telephone systems in six Latin American countries and Puerto Rico and is Latin America's biggest foreign telephone operator.

The purchase of a stake in Tisa would help the U.S. carriers increase their presence in Latin America and would also allow Telefonía to establish a foothold in the United States.

Telefonía and AT&T officials would not confirm or deny the report. GTE officials could not be

reached for comment. Telefonía has been talking with both companies for more than two years about their possible participation in Tisa.

The talks were sidetracked by the peso crisis in Mexico that affected Latin American markets in early 1995. While Telefonía has acknowledged talks with both carriers about Tisa, Wednesday's report is the first to predict that both of the companies would become shareholders.

Telefonía shares rose as much as 1.25 percent to 2,430 pesetas per share in early trading but later re-

treated to close at 2,385 pesetas, showing a loss of 15 pesetas from Tuesday.

German Telekom Gets Chief

The supervisory board chairman of Germany's Post AG, Helmut Sühler, will move to Deutsche Telekom to replace the outgoing supervisory board chairman, Rolf-Dieter Leister, industry sources said on Wednesday. Reuters reported from Bonn.

They said Mr. Sühler would be voted into the new job at Telekom's shareholders' meeting on July 1.

WORLD STOCK MARKETS

Wednesday, June 19
Prices in local currencies

High Low Close Prev.

Amsterdam

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High Low Close Prev.

Johannesburg

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High Low Close Prev.

Kuala Lumpur

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ASIA/PACIFIC

Korea and China Search for New Aircraft Partners

SEOUL — South Korea and China will each try to develop their own regional aircraft with new partners after a joint project to build a 100-seat plane collapsed.

"Although the Korea-China talks failed, it does not mean we will give up our mid-sized plane project," Choo Joon Suk, Korea's assistant trade minister, said after talks with China broke down this week.

Korean officials said talks collapsed because of disagreements over sharing in the \$2-billion project and the site of the final assembly plant. Chinese officials confirmed Wednesday that the talks collapsed, but did not elaborate on the reasons.

U.S. and European planemakers

were competing for a 20 percent share of the project to strengthen their position in the Asian market.

Now, both Samsung Aerospace Industries Co. — which heads the Korean group involved in the project — and Aviation Industries of China will pursue partnerships on their own to gain the financing and technology they need to develop the planes.

"China is not the only country in the world," said Park Bong Hoon, an official in Korea's Ministry of Trade, Industry and Energy. "We will try to find another partner."

Analysts said possible partners for Samsung include the government of Indonesia, which is building its own line of regional aircraft, and the bankrupt Dutch company Fokker NV.

Lu Zhanjun, an executive at Aviation Industries' foreign cooperation department, said the company was talking to other possible partners, including Singapore Technologies Aerospace Ltd.

Ford Expects Production in China in 1997

BEIJING — Ford Motor Co. said Wednesday that production of its first Chinese-made vehicles, light trucks to be made by its Chinese partner, Jiangling Motors Co., will start by late next year.

"You can't compete in China unless you manufacture here," said Jerry Kania, Beijing-based vice president at Ford Motor China Inc. "Our plan is to sell as much as we can, as soon as we can."

The second-biggest U.S. automaker, which last year lost out on a bid for a Shanghai passenger car joint venture to rival General Motors Corp., said the Jiangling factory will eventually have annual capacity of 60,000 Transit minivans.

The vans represent an attempt by Ford to muscle in on a market where tariffs and taxes put imported vehicles out of reach of nearly all potential customers.

Koo Bon-Young, an adviser to President Kim Young Sam, blamed Beijing for the collapse of the joint venture plan, saying: "China has veered from the original four-point principles for cooperation and has put forth new principles for the project."

China demanded that Beijing hold the majority share and become the project leader and that both assembly lines and a future joint company be set up in China, Mr. Koo said.

The two countries agreed to cooperate on the development of a regional aircraft in 1994. They agreed to develop a 100-seater, twin-engine plane by 1998 and begin commercial production in 2000.

China and South Korea had been expected to each take 35 percent stakes with a Western technical partner securing 20 percent and the balance held by an Asian partner.

"I think the reason that China has backed out is that it has secured alternative financing sources and wants more malleable partners than South Korea," an official at Korea's Industry and Energy Ministry said. (Bloomberg, AFP, Reuters)

Narrowing the Stock Gap?

In China, Locals Are Snapping Up B Shares

By Kevin Murphy
International Herald Tribune

HONG KONG — Chinese stocks technically reserved for foreign investors have swung through hectic trading in recent days, possibly signaling a willingness by authorities to allow an erosion of differences between the country's two classes of stock.

In Shenzhen on Wednesday, the index of B shares fell 15.4 percent, reversing a four-day run that saw the shares normally reserved for foreign buyers rise 42.5 percent. Analysts said the gains were apparently driven higher as more local investors bought stocks ostensibly off limits to them.

"The party is over for now," Doug Eu, a China fund manager with Jardine Fleming Securities in Hong Kong, said of Wednesday's declines. "But this is one of the first signs that liquidity is a bit looser in China, and given the right idea they're willing to try it out."

Mr. Eu was referring to looser restrictions on credit, which has apparently freed up some funds for investment. Trading has been extremely heavy, and, with most foreign fund managers saying they were sellers this week, it appears new local investors have entered the game.

Officially, Chinese citizens can only buy domestically traded A-shares denominated in local currency unless they have a foreign passport or authorization from a passport holder to purchase B shares, which are denominated in dollars.

But it appears in Shenzhen these days that anyone with a valid identity card and foreign currency can now join in a fray where significant arbitrage opportunities exist between A and B shares.

There is strong incentive for both investors and Chinese regulators to bend the rules, analysts said.

Although A and B shares are offered by the same company and provide equal entitlements — such as dividends — to all shareholders, A shares often trade at a huge premium to their B-share counterparts, based largely on vast differences in market demand.

There is an enormous opportunity for local in-

vestors to invest in B shares if they can," said Greg Barnes, a fund manager with C.H. China Investment Management Ltd. in Sydney, whose fund holds Shenzhen B shares. "The prices can be 60 to 70 percent cheaper than for an A share in the same company. Anything that narrows those discounts is good news for us. What we are concerned about is the speed with which it has happened."

Until the past few days, China's B-share markets have performed poorly. Perceived regulatory inadequacies and better returns available elsewhere have sorely tested foreign investors' continued interest in the Chinese markets.

Shenzhen also has been struggling to stay out of the shadow of more developed markets just across the border in Hong Kong and in Shanghai to the north, where B shares have also rallied in the past few days, although not as strongly as in Shenzhen.

Analysts believe the need to breathe new life into the local stock market lurks behind the relaxation of opening B-share trading accounts for locals. The need to stir up the local market also helps explain why Shenzhen banks decided recently to lend money to companies that issue B shares at preferential rates as a reward for improving their earnings performance.

"There is speculation the government will stop new B-share accounts because share prices went up too fast," said Xu Wei, an official at the Shenzhen Securities and Exchange Commission told Bloomberg Business News. "But there has been no official document to that effect."

B shares were originally created to raise money from foreign investors while restricting their direct influence over Chinese companies and sidestepping the need to convert foreign currency to yuan to buy local shares.

A merger of the two share classes has always been a stated goal of regulators in Beijing, but only after the yuan becomes fully convertible. Now, local regulators and market forces appear to be attempting to force Beijing's hand, analysts said, even if it discourages some foreign investors.

British Telecom Forms an Asian Alliance

Agence France-Presse

SINGAPORE — British Telecommunications PLC teamed up Wednesday with CSA Holdings Ltd., a Singapore-based information-technology company, to try to grab a share of the booming Asian market for computer-related services.

British Telecom's information technology arm, Syntegra, and CSA will jointly bid for projects that involve consultancy, design, install-

ation and operation of computer-based communication and information systems, the companies said.

Charles Boyle, Syntegra's business strategy and development manager, estimated the information-technology market in Asia to be worth an annual \$30 billion.

He said the business was expanding by 25 percent to 30 percent every year, making Asia the fastest-growing market for information technol-

ogy companies.

"Initial focus for the new group will be on financial and commercial trading companies with requirements for electronically enabled systems," Mr. Boyle said.

The alliance will focus initially on potential customers in Singapore, Malaysia and Indonesia before moving on to China and other big markets, said Johnny Moo, group managing director of CSA.

Tokyo Asks Banks To Back Jusen Fund

Knights-Ridder

TOKYO — Wataru Kubo, Japan's finance minister, said Wednesday that commercial banks have agreed to contribute to a new fund proposed to reduce the taxpayer burden in the liquidation of the so-called *jusen* housing loan firms.

A representative of the Federation of Bankers' Associations formally responded to Mr. Kubo's request for contributions to the fund by saying that all the concerned financial institutions would consider the proposal "seriously" and come up with a final decision soon.

Mr. Kubo said he took this to mean that they have "in principle" agreed to contribute to the fund.

But Mr. Kubo admitted that the new *jusen* burden-sharing plan was far from complete since even the size of the fund has not been decided.

Mr. Kubo said, however, that the size of the fund must

be quite substantial in order for the public to understand the significance of the additional burden that the banks have agreed to take on.

He also expected that the Bank of Japan would provide financing of some kind to the *jusen* fund, although he had not yet received a formal response from the central bank.

Mr. Kubo made a formal request to commercial banks, as well as the Bank of Japan and agricultural lenders on Tuesday for additional contributions to the fund.

The *jusen* liquidation body is expected to be launched in July.

Mr. Kubo took the action after the Japanese Parliament passed legislation authorizing the use of 685 billion yen (\$6.35 billion) in taxpayer funds to absorb bad loans remaining from the housing lenders' backing of speculative real estate in the late 1980s and early 1990s.

AsiaSat Surges in Its Debut

Compiled by Our Staff From Dispatches

HONG KONG — Shares in Asia Satellite Telecommunications Holdings Ltd. rose 25 percent in their debut day of trading on Wednesday, but the gain was less than some investors expected.

The shares closed at 24.75 Hong Kong dollars (\$3.20), up from the issue price of 19.80 dollars. But the issue was 100 times oversubscribed, fueling expectations for an even greater increase.

"People are selling the stock for quick bucks because of what they've seen happen in recent months," said Adrian Au at Invesco Asia Ltd.

Before the share sale, AsiaSat was owned equally by Hutchison Whampoa Ltd., Britain's Cable & Wireless PLC and Beijing's state-owned China International Trust & Investment Corp.

AsiaSat depends primarily on programming from News Corp.'s Star Television Ltd. for business.

AsiaSat offered a total of 105.3 million shares, or 27 percent of its equity. (Reuters, Bloomberg)

WADA: Entrepreneur Seeks Growth Markets

Continued from Page 13

kets, restaurants and fast-food outlets.

That is quite a vision for a company that traces its roots to a vegetable shop opened by Mr. Wada's parents in 1910 in Azumi, a coastal town south of Tokyo.

In his youth, Mr. Wada showed little interest in the family business, preferring to join the Communist Youth League and lead a protest at his university over a tuition increase. After his military service in the Japanese army, his mother dragged him to a retreat of the Seicho No Ie, or House of Growth, a religious sect that emphasizes the values of family, fealty and self-awareness.

That experience, Mr. Wada said, awakened him to the idea that running a vegetable business was a respectable undertaking. His second, and far more rude awakening, came in 1950 when the vegetable stand burned down and was uninsured because he had forgotten to take out a fire policy.

"I made up my mind to some day own the top vegetable store in Japan," he told a Japanese interviewer in 1994.

He helped his father rebuild the store, but it was his visit to a supermarket in the United States in 1962 that opened Mr. Wada's eyes to the possibilities of large-scale food marketing. Back in Japan, he quickly went about building the family business into a network of stores selling everything from pots and pans to bed sheets and clothing.

But he had to compete against two deep-pocketed Japanese chain-store giants and contend with Japan's endless business regulations. Again, inspiration struck. Inspired by Sony Corp.'s expansion overseas, Mr. Wada began looking for opportunities overseas. In 1971, he opened his first offshore store, in São Paulo.

"A respected teacher of Seicho No Ie told me that there were many Japanese in Brazil," Mr. Wada said. "So I went."

He opened a second store in 1973 and business boomed. Then the world oil crisis unleashed hyperinflation in Brazil, and Yohan's Brazilian operations, based on dollar loans that the company could no longer pay, came crashing down. "I have really learned bitterly about country risk," Mr. Wada said.

Chastened but undeterred, Mr. Wada returned to Asia and started a department store in Singapore. His timing was perfect — he arrived a little bit too early. "The national per capita income was only about \$1,500," he said, "but I was convinced the Singapore government was very firmly established. Singaporeans were hard-working people, and I predicted that economic growth was going to be tremendous."

He was keeping an eye on Hong Kong but balked at the high rents. Then in 1984, he was offered space in a housing development being built in the village of Shatin in the New Territories, Hong Kong's bit of the mainland. "Everybody I spoke to — banks, newspaper people, retailers — said that Shatin would not be a success," he said. "People didn't think a small fisherman's village could grow and change the way it would. But I saw this as my chance."

He took the risk, and Shatin blossomed into a parade of apartment towers, parks and its own business district.

Mr. Wada's management philosophy is a mixture of pragmatism and spirituality. He begins and ends board meetings with meditations, "thanking our ancestors and our founder," said Shozo Sawa, Yohan's personnel manager.

Although Mr. Wada has built a retailing conglomerate of more than 450 businesses employing 25,000 people in 16 countries, the Shanghai venture has yet to prove itself. China, for all its spectacular economic growth, still faces formidable obstacles to modernization and is dogged by political uncertainty.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
12000	2500	23000
11000	2400	22000
10000	2300	21000
9000	2200	20000
8000	2100	19000
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Very briefly:

India's economy is expected to grow an annual 6.5 percent in the year to March 1997 on the back of strong industrial growth, Salomon Brothers Inc. said.

The Philippine government said that it would decide within a week which companies have been chosen to convert a former U.S. military base into a 3 billion peso (\$115 million) resort complex.

The Asian Development Bank said its loans rose 185 percent from a year earlier to \$1.02 billion in the three months to March. The bank also plans to open representative offices in Frankfurt and Tokyo and missions in Cambodia and Vietnam.

Orient Telecom & Technology Holdings Ltd. said it proposed a 10-to-1 share consolidation and a capital reduction to enhance marketability of its shares after the distribution of all its 22.5 percent stake in TelecomAsia Corp. Public Co. to shareholders.

LG Securities Co. of South Korea said its \$49.3 million purchase of Petrobank SA of Poland was a key ingredient in its investment plans for central and eastern Europe.

Names, names, names...

Shigeki Matsue was named president and chief executive officer of the NEC Electronics Inc. unit in Mountain View, California.

Tim Faithfull will succeed Peter Chen Min Liang, who is retiring as chairman and chief executive of the Royal Dutch Shell companies in Singapore. (AFP, Bloomberg, Reuters)

A Presence in Many Markets

Yohan International Holdings Ltd. has expanded well beyond the founder's vision of becoming Japan's biggest produce seller. Here are the company's holdings.

HONG KONG AND MACAO	JAPAN
Yohan International Holdings Ltd. Mr. Wada's primary holding company. Capitalization: \$121.3 million	Yohan Japan Corp. Supermarket chain store operator. Capitalization: \$902.3 million
Yohan Food Processing & Trading Company Investment holding company whose subsidiaries import meat and seafood products. Capitalization: \$25.9 million	Manusatsu Clothing wholesaler. Capitalization: \$128.6 million
Yohan Hongkong Corp. Investment holding company that operates department stores. Capitalization: \$18.8 million	Businesses include: 94 Department stores and supermarkets 41 Specialty stores 5 Distribution centers
Yohan International Catering Restaurants and bakeries. Capitalization: \$77.5 million	SOUTHEAST ASIA
Whimsy Entertainment Co. Operates arcades. Capitalization: \$25.8 million	Yohan Holdings BHD, Malaysia Investment holding company whose subsidiaries operate supermarkets, retailers and consultants. Capitalization: \$53.7 million
Businesses include: 10 Department stores 74 Specialty stores 40 Restaurants 40 Amusement arcades 1 Film factory	mm Multi-Enterprise, Singapore Operates electronic and appliances stores and chain of entertainment arcades. Capitalization: \$27.3 million
UNITED STATES	Businesses include: 33 Department stores and supermarkets in - Singapore, 12 - Malaysia, 12 - Thailand, 5 - Brunei, 4
9 Department stores and supermarkets 18 Daiichi Sushi stores 2 Appliance stores 1 Japanese restaurant	19 Specialty stores in Singapore
CHINA	OTHER COUNTRIES
6 Hamburger stands 23 Supermarkets 3 Department stores in Shanghai, Wu and Shenzhen	4 Department stores in Canada, England and Costa Rica 2 Cattle ranches in Brazil and Chile

Sources: Yohan International Holdings, Bloomberg Financial Markets

Chung Hsin Faces Loss

Bloomberg Business News

TAIPEI — Chung Hsin Electric & Machinery Corp. will take one of Taiwan's largest-ever charges against earnings amid losses on construction projects, the company said Wednesday.

Chung Hsin, 25 percent-owned by the ruling Nationalist Party, said it would take a charge of 3.1 billion Taiwan dollars (\$112.2 million) in June. That raises Chung Hsin's total charges against profit in the past three years to 7.8 billion dollars.

The charges resulted from a lack of technical and management skills, the company said. To improve its core businesses, Chung Hsin plans to seek investment from Hitachi Ltd. of Japan, it added.

Nationalist Party-owned Central Investment Holding

Co., Chung Hsin's largest shareholder, said it would form a new construction company that would help complete work on four incinerator facilities where losses have been worst. It will be capitalized at 4 billion dollars.

MultiManager N.V.

NAV: 31 May 1996

"Attachments have been made against assets of MultiManager in Amsterdam. The possible effect of these attachments have not been taken into account in computing the above mentioned net asset values. Therefore the mentioned NAV's are provisional. The attachments may affect the redemption of shares."

See Int'l Funds Section for NAV's.

IFDC JAPAN FUND

Société d'investissement à capital variable
Registered Office: 2, Boulevard Royal
L-2953 LUXEMBOURG
R.C. Luxembourg B-2344

Notice is hereby given to the shareholders, that the

ANNUAL GENERAL MEETING

of shareholders of IFDC JAPAN FUND will be held at the company's head office, 91, route d'Esch, L-1470 Luxembourg, on June 20, 1996 at 2.00 p.m. with the following agenda:

1. Submission of the Report of the Board of Directors and of the Independent Auditor;

2. Approval of the Statement of Assets and Liabilities and of the Statement of Operations for the year ended at March 31, 1996; Appropriation of the results;

3. Discharge of the Directors;

4. Statutory appointments;

5. Miscellaneous.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on simple majority of the shares present or represented at the Meeting.

In order to attend the annual general meeting, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the company.

The Board of Directors

100 MILLION \$ BUSINESS CAPITAL WANTED EDUCATIONAL GROUP

Leading international company, established 25 years, registered in Amsterdam, with headquarters in Barcelona, publisher for its own network (30 franchised schools of English in six European countries) of the most advanced teaching material (multimedia: compact disc video interactive), applying the most sophisticated management and marketing techniques, with a business turnover (of all franchises network) of over 50 million dollars. Is looking for an investor (capital between thirty and sixty million dollars) willing to take over minority or majority share or 100% of the company. Even if the main objective is to find a partner, also a five year loan (the working capital needed is of five to ten million dollars) would be considered.

Already profitable, the company has no debts, is totally self financing and ready for fast expansion in Europe, America and Asia, to reach a business turnover of 100 million dollars in two-three years and the double in five years.

The company has been run for 25 years by its founder and president. Now needs a new structure for its growth. Qualified brokers are also invited to make offers, only on commission basis. A Foundation (non profit organization) could also be an ideal partner, because the present ownership, for its own humanitarian purposes and projects, is willing to invest in it a substantial part of the price and collaborate in the future.

Bank references, complete documentation and five years development project available.

Fax: 34-3-795 12 71



BIRKS

HENRY BIRKS & SONS INC.

Henry Birks & Sons Inc. is pleased to announce the appointment of Thomas A. Andruskevich as President and Chief Executive Officer of the Company.



Thomas A. Andruskevich

Mr. Andruskevich has extensive experience in the jewellery business, having spent 12 years of Tiffany & Co. in New York where he was Executive Vice-President, International and Trade Divisions and Senior Vice-President and Chief Financial Officer. He is also past-president of the Jewelers' Vigilance Committee of America.

Educated in the United States, Thomas Andruskevich holds a Bachelor of Science degree in business and economics from Lehigh University in Pennsylvania and is a Certified Public Accountant.

Henry Birks & Sons Inc. is Canada's leading jeweller with 37 stores across the country.

DREYFUS AMERICA FUND

2, boulevard Royal
L-2953 LUXEMBOURG
R.C. LUXEMBOURG B-22.572

The shareholders are invited to

THE ANNUAL GENERAL MEETING

which will be held at the office of Banque Internationale à Luxembourg S.A., 69, route d'Esch, Luxembourg on July 5, 1996 at 2 p.m. to deliberate and vote on the following agenda:

1. Submission of the Report of the Board of Directors and of the Auditor;
2. Approval of the Statement of Net Assets and the Statement of Operations as February 29, 1996;
3. Allocation of the net results;
4. Discharge to the Directors;
5. Statutory appointments;
6. Miscellaneous.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on simple majority of the shares present or represented at the Meeting.

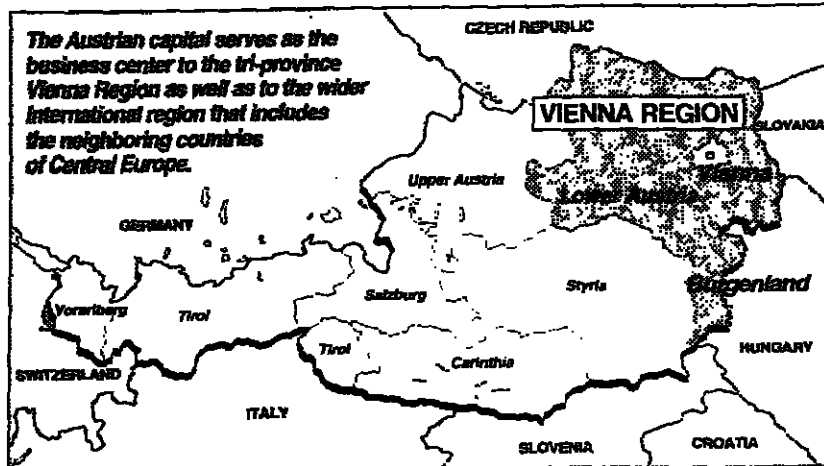
In order to attend the annual general meeting, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the company.

THE BOARD OF DIRECTORS

VIENNA

BUSINESS LOCATION

BRINGING BUSINESS PARTNERS TOGETHER



The Austrian capital serves as the business center to the tri-province Vienna Region as well as to the wider international region that includes the neighboring countries of Central Europe.

Vienna is headquarters to a host of organizations that facilitate the creation and running of enterprises and cooperative projects.

Whether you spell it with a capital "V" or a small "v", the term Vienna Region has come to mean big business.

The Vienna Region – created last year for joint promotion of the Austrian capital together with the surrounding province of Lower Austria and nearby Burgenland – has adopted as its slogan "Get the best of East and West." The slogan's significance becomes clear when one considers Vienna's position at the heart of a wider

region (small "v") that includes neighboring southern Bohemia and Moravia, western Slovakia, Hungary and Slovenia.

The Vienna Region

The prime mover in the three provinces is the Vienna Business Promotion Fund (WBPF), a nonprofit body that helps companies find suitable premises and provides, on a one-stop basis, the legal and commercial advice needed for all situations. In the 14 years of its existence,

WBPF has rendered assistance to over 24,500 investors and 615 firms.

A comparably fine track record has been chalked up by Eco Plus, the company contact agency for Lower Austria. Eco Plus has brought 534 companies into the province in the last 10 years. The agency has also launched a regionalization program to build centers to provide on-line information and data-transfer services to start-ups (notably the Regional Innovation Center, RIZ, in

Wiener Neustadt) and to improve facilities at Ennsdorf Port on the Danube.

The Burgenland Business Service (WIBAG) manages the wide range of grants and aid available to potential investors in this Objective 1 region (the status means that projects are eligible for the maximum state incentives permitted under European Union competition law). The service also operates two cross-border business parks with Hungary.

Beyond national borders The wider Vienna region (small "v") takes in the neighboring countries of Central and Eastern Europe (CEE).

Marking the city's status as a business center for the region is the Vienna World Trade Center. The WTC benefits from a unique location at Vienna Airport, the hub of day-return flights to all the major cities in Eastern and Southern Europe by the national carrier, Austrian Airlines. This spring, the Vienna WTC cooperated with 13 Central and Eastern European WTCs to host the first CEE Convention for Business Start-Ups, and the center has been chosen to house "Windows to the World," a permanent exhibition for six CEE trade-promotion offices and some 500 individual exhibitors who want to maintain a foothold in the West.

Matchmaking between Western businesses and economies in transition is

one of the avowed objectives of another Vienna-based institution. The 30-year-old UNIDO, the United Nations Industrial Development Organization, has become a very European organization and much more relevant than it was only 15 years ago. Now, says Director General Mauricio de Maria Campos, "UNIDO has to achieve socioeconomic transformation through sustainable economic growth." He adds that "this process rests on appropriate technological and environmental usage in various industrial subsectors."

UNIDO has accordingly shifted its focus from assisting large state enterprises to helping small and medium-sized enterprises (SMEs) in the private sector. Recent examples of this policy in action have been the promotion in the Czech Republic and Slovakia of National Cleaner Production Centers, which bring SMEs in those countries together with environmental specialists from Graz, Austria.

The UNIDO Investment Service has supported a number of larger projects in the CEE region, including a \$21 million joint venture in Slupca, Poland, with a leading engineering company in Chicago for the construction of a state-of-the-art poultry-processing plant. A range of other projects is currently under way in Bulgaria, Hungary, Russia and Slovenia.

David Hermes

DEMAND BUILDS FOR OFFICE SPACE

Most vacancies are in older buildings; large modern facilities are being snapped up.

Since 1990, Vienna's commercial real estate market has witnessed a boom, a dive, stagnation, then a slow crawl back to stability. Now enjoying a gradual upswing in demand, the market seems more attractive than ever before.

The long road began in the late 1980s, when the city began preparing for its role as co-host, with Budapest, Hungary, of a world exposition planned for 1996. Anticipation of the event and the fall of the Iron Curtain in 1989 helped fuel a robust Viennese economy; an increase in foreign investment and import-export activity led to a sharp rise in demand for office and retail space.

Then in 1991, fear that Vienna would end up financing Budapest's share of the project – along with the opinion that money to be invested in the exposition would be of greater benefit to the city's social programs – led the Viennese to cancel EXPO 96.

Consequently, the planned construction of dozens of office buildings came to a standstill, and many that were already being erected faced a potentially empty future. Rental prices, which had soared, were due for a correction – especially since the local economy had begun to stagnate. Between 1990 and 1994, more than 600,000 square meters (6.5 billion square feet) of new office space were produced in Vienna. In response to this overbuilding, production dropped from 200,000 square meters in 1994 to 37,000 square meters in 1995.

Recently, increased business with the European Union (since Austria's entry into the EU in 1995) as well as with Eastern Europe and overseas countries has led many Vienna-based companies to leave their older spaces for modernized offices.

"There is now a move from old buildings to new ones," explains Michael Mitterdorfer, managing director of CPB Immobilienrehand, a real estate brokerage subsidiary of Constantia Privatbank in Vienna. "The old office buildings can be less efficient. They may be in good locations, such as in the center of town, but they are often limited in size or facilities."

The vacancy rate in the 7.25 million square meters of office space in Vienna now hovers between 8 percent and 8.5 percent; older, poorly equipped buildings constructed in the 1960s and 1970s account for the majority of empty space. In fact, demand for larger offices with state-of-the-art facilities has been rising consistently – to the point where spaces larger than 2,000 square meters are becoming difficult to find.

This is compounded by the reasonable rental rates in Vienna. Top office locations rent at an average of 250-300 schillings (\$23-28) per square meter monthly. Compared with Budapest and Prague, where similar structures command between 350 and 400 schillings per square meter, or Paris or London, with monthly rates soaring to 700 schillings, it is no wonder that many in-



A model of Danube City. The development, set to open in December 1997, is eight minutes by subway from the city center.

ternational companies and organizations are snatching up new space in the Austrian capital.

New city on the Danube

One project that epitomizes Vienna's commercial real estate development today is Danube City. Being built by a consortium of Austrian and international investors at a cost of \$1.5 billion, this city within a city is one of Vienna's most adventurous urban-development undertakings since the architectural wonders surrounding the Ringstrasse went up in the last century. Covering 17.5 hectares (43 acres) on the Danube's east bank are shops, offices, apartments, hotels, school and university research centers, an entertainment and leisure center, and parks. Already attracting many companies is the Andromeda Tower, a complex of offices and penthouse suites with an ultramodern conference center. The 110-meter-high structure will begin letting space in 1998 at monthly rates ranging from 220 to 270 schillings per square meter.

Darrel Joseph

Vienna, that's it!

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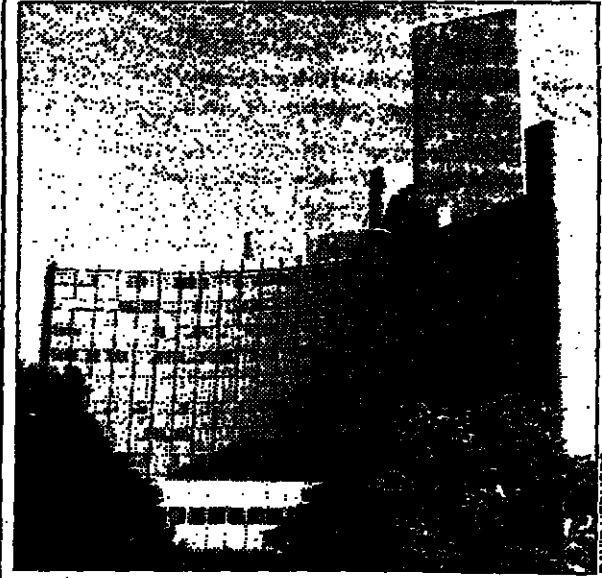
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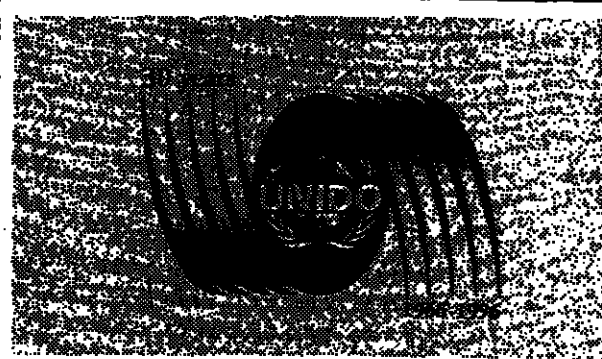
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BUSINESS LOCATION VIENNA



A brooch made by the Viennese jeweler Rozet & Fischmeister in 1910.

THE CUSTOMER WAS KING

Products of purveyors to the Habsburgs are on show at Schönbrunn Palace.

An exhibition devoted to former purveyors to the Austro-Hungarian imperial court opened yesterday at Vienna's Schönbrunn Palace.

"Kunde: Kaiser" ("Client: Emperor"), primarily a retrospective of the quality and tradition that went into furnishing the Habsburg court, also exhibits the contemporary achievements of 27 companies that continue to thrive. Of the nearly 1,300 companies that furnished the court at the end of the empire in 1918, about 150 are still in business today.

The exhibition is set in three areas of the former Habsburg summer residence. Displayed in the Orangerie are nearly 1,000 items. These include a 115-year-old loom from the textile manufacturer Backhausen & Sons; crystal glasses made in 1835 by J. & L. Lobmeyr for Emperor Ferdinand; a

1900 wine press from Schlumberger, makers of wine and sparkling wine; and a gleaming new eight-octave "Imperial" piano from Bösendorfer. There is also the Hotel Sacher linen tablecloth that the inimitable Anna Sacher had autographed by her distinguished clientele, including Emperor Francis Joseph, more than 85 years ago.

Perhaps the most notable pieces are displayed in the palace's Bergl rooms, which boast the bright "Indian landscape" frescoes painted by Johann Bergl between 1768 and 1777. Exhibited here is the exquisite "Godollo" porcelain tea service, produced by the Empress Elisabeth over 120 years ago by the Hungarian firm Herend. The empress used the service at her horseback-riding retreat in Godollo, Hungary. Also in the Bergl rooms is a stunning gold, silver, enamel

and diamond "butterfly" brooch produced by the jeweler Rozet & Fischmeister in 1910. This piece shows the craftsmanship of Franz Fischmeister, who was a pupil of the renowned French designer René Lalique. The exhibition winds up at the Gloriette, a grand arched gallery where visitors can participate in what is probably the ultimate Austrian pastime: sipping coffee.

"Kunde: Kaiser" runs to Sept. 22. D.J.

ON-LINE TRADING AT VIENNA BÖRSE

The goal is to increase transparency and efficiency.

Austria could best be described as a developing country in the field of stocks and shares. A mere 4 percent of Austrians are shareholders, according to a survey in March of 18 countries in North America, Asia and Europe. Only India had a lower proportion (1.8 percent) of its population holding shares.

The Vienna Börse, the only stock exchange in the country, is comparatively small, too, but discreetly prosperous.

The WBI-30 (Vienna Börse Index), composed of 30 regularly traded is-

suues, ranked third in percentage of increase in share price last month, behind Milan and New York and ahead of Amsterdam and Hong Kong.

HERMES and EQOS Gerhard Randa, president of the Vienna Börse since the beginning of the year, wishes to secure the exchange's long-term competitiveness by making it more transparent and more efficient. To this end, the Börse has this year launched the HERMES on-line system to ensure immediate dissemination of information on stock prices. A Web site at <http://www.vienna-stock-exchange.at/bourse> offers private investors convenient access to information at the same time as institutional investors. This real-time service has been picked up by Dow Jones-Telerate, APA (the Austria Press Agency) and Reuters; it will be soon offered by Bloomberg.



Gerhard Randa, president of the Vienna Stock Exchange.



The Vienna Stock Exchange building, erected in the 1870s. Floor trading at the Vienna Börse will be completely replaced by an Electronic Quote and Order Driven System.

An early streamlining step will be taken next week when a fully automated trading system is inaugurated on June 28. The Electronic Quote and Order Driven System (EQOS) was subjected to extensive trials under extreme load conditions for well over a year and survived with flying colors. EQOS will completely replace floor trading on the Vienna Stock Exchange.

Mr. Randa sees EQOS as a means of increasing liquidity. The system will speed up execution of orders, and the inclusion of

"remote members" on foreign exchanges will make the market more active. The system will also provide for greater transparency thanks to the separation of transactions by individuals and by institutional investors.

Shareholders' advocate A further significant initiative to improve Austria's image as a finance location through the creation of a genuine shareholder democracy has been undertaken by the private Aktienforum, which describes itself as

an association for issuers and investors.

Founded in 1989 as a chapter of the European Association for Share Promotion (now active in nine countries), the Aktienforum, with its seat in Vienna, has set itself several tasks. These include lobbying for the passage of a modern shareholding law with appropriate tax incentives and for the establishment of an Austrian securities surveillance body to coordinate the work of combating insider trading.

D.H.

Austrian Banks Expand Eastward

Austrian visitors to Eastern Europe cannot help noticing that Austrian financial institutions have been among the main beneficiaries of the opening of the Iron Curtain. Familiar Viennese bank logos frequently catch your eye on the main streets and squares of Moscow, Prague, Budapest and Ljubljana.

Although over-the-counter business is sometimes limited, the more important field of investments is flourishing. Bank Austria (the country's largest) is the only foreign bank with a branch in the Russian capital. Its services will, it is hoped, be expanded later this

year when the branch is transformed into a subsidiary, joining the existing network of BA subsidiaries in Bratislava, Budapest, Ljubljana and Prague.

Creditanstalt-Bankverein - which may soon form, with First Austrian Savings Bank, Austria's largest financial institution if a plan to bring the two under a common holding company materializes - operates in Central and Eastern Europe (CEE) mainly through the specialized Creditanstalt Investment Bank (CAIB).

By providing diverse services to domestic and international clients and by advising strategic investors, government

entities and local authorities, CAIB has achieved a leading market position in the region for mergers and acquisitions as well as for securities and asset management. A major landmark was the establishment in February of the CA-Grant Investment Company in Moscow along with Russia's third-largest securities brokerage.

While CAIB - whose network of subsidiaries stretches to Bratislava, Bucharest, Budapest, Ljubljana, Prague, Sofia and Warsaw - claims in its advertising to be "pre-eminent in Central and Eastern Europe," Raiffeisen Zentralbank (RZB)

announces itself simply as "number one in Eastern Europe." In terms of sheer quantity - six subsidiaries and 28 branches in nearly all the main business centers - the claim cannot be disputed. The cumulative assets of RZB's commercial banks in Bulgaria, Croatia, the Czech Republic, Hungary, Poland and Slovakia grew last year by 47 percent, to 18.6 billion schillings (\$1.73 billion). The network is to be extended this year to Slovenia. The greater part of RZB's business in the CEE region is with corporate customers, especially handling the financing of oil deals.

GiroCredit, currently Austria's third-largest bank in reference to assets, has also set its eyes on neighboring CEE countries, which are seen as an extended domestic market where cross-market services can be provided for customers in the United States, Great Britain, Western Europe and Southern Europe. GiroCredit, which has a tradition of project financing in Eastern Europe, recently headed a banking consortium for building the world's latest, and largest, Mövenpick Hotel, in Prague (it opened in April) and is involved in several hotel projects in Hungary.

D.H.

"VIENNA: BUSINESS LOCATION" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITERS: David Herriges and Darrel Joseph, both based in Vienna. PROGRAM DIRECTOR: Bill Mahder.

IQ+♥=Vienna



E. Bakalowitz Söhne Ges.m.b.H. In Vienna since 1845. Manufacturer of crystal lights.



L. Bösendorfer Klavierfabrik Ges.m.b.H. In Vienna since 1828. Piano manufacturer.



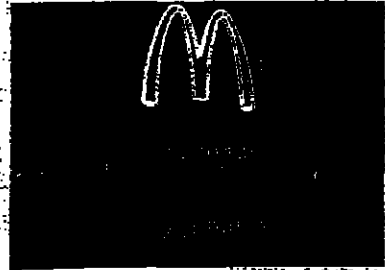
Wiener Porzellanmanufaktur Augarten Ges.m.b.H. In Vienna since 1718. Porcelain manufacturer.

Vienna has always been a profitable location. This is shown by the continued global success of numerous companies that already located in the Danube city before the turn of the century.

Ready access to a highly qualified workforce, geographical proximity to the new democracies in Eastern Europe and inherent cultural understanding of these markets make Vienna an attractive centre for



Grundig Austria Ges.m.b.H. One of the largest and most modern TV production plants in Europe.



McDonald's Central Europe. Vienna is headquarters of the company's Central European operations.



Hewlett-Packard Ges.m.b.H. Information technology and management competence in Central and Eastern Europe.

production and trade. Reason enough for many international corporations to establish their Eastern European headquarters in Vienna. Times have changed - yet Vienna never loses its appeal.

Should you have queries or require any information on Vienna as a business location, please contact the Information Centre of the VIENNA BUSINESS PROMOTION FUND.



A-1082 Vienna, Eberhardstrasse 2
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The 1,000 most-traded National Market securities
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The Associated Press.

Month		High Low Stock		Div		Yld PE		100% High Low Latest Chg	
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25%	18%	15%	12%	10%	8%	6%	4%	2%	1%
15%	12%	10%	8%	6%	4%	2%	1%	0%	-1%
10%	8%	6%	4%	2%	1%	0%	-1%	-2%	-3%
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-315%	-316%	-317%	-318%	-319%	-320%	-321%	-322%	-323%	-324%
-320%	-321%	-322%	-323%	-324%	-325%	-326%	-327%	-328%	-329%
-325%	-326%	-327%	-328%	-329%	-330%	-331%	-332%	-333%	-334%
-330%	-331%	-332%	-333%	-334%	-335%	-336%	-337%	-338%	-339%
-335%	-336%	-337%	-338%	-339%	-340%	-341%	-342%	-343%	-344%
-340%	-341%	-342%	-343%	-344%	-345%	-346%	-347%	-348%	-349%
-345%	-346%	-347%	-348%	-349%	-350%	-351%	-352%	-353%	-354%
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-355%	-356%	-357%	-358%	-359%	-360%	-361%	-362%	-363%	-364%
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-365%	-366%	-367%	-368%	-369%	-370%	-371%	-372%	-373%	-374%
-370%	-371%	-372%	-373%	-374%	-375%	-376%	-377%	-378%	-379%
-375%	-376%	-377%	-378%	-379%	-380%	-381%	-382%	-383%	-384%
-380%	-381%	-382%	-383%	-384%	-385%	-386%	-387%	-388%	-389%
-385%	-386%	-387%	-388%	-389%	-390%	-391%	-392%	-393%	-394%
-390%	-391%	-392%	-393%	-394%	-395%	-396%	-397%	-398%	-399%
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-400%	-401%	-402%	-403%	-404%	-405%	-406%	-407%	-408%	-409%
-405%	-406%	-407%	-408%	-409%	-410%	-411%	-412%	-413%	-414%
-410%	-411%	-412%	-413%	-414%	-415%	-416%	-417%	-418%	-419%
-415%	-416%	-417%	-418%	-419%	-420%	-421%	-422%	-423%	-424%
-420%	-421%	-422%	-423%	-424%	-425%	-426%	-427%	-428%	-429%
-425%	-426%	-427%	-428%	-429%	-430%	-431%	-432%	-433%	-434%
-430%	-431%	-432%	-433%	-434%	-435%	-436%	-437%	-438%	-439%
-435%	-436%	-437%	-438%	-439%	-440%	-441%	-442%	-443%	-444%
-440%	-441%	-442%	-443%	-444%	-445%	-446%	-447%	-448%	-449%
-445%	-446%	-447%	-448%	-449%	-450%	-451%	-452%	-453%	-454%
-450%	-451%	-452%	-453%	-454%	-455%	-456%	-457%	-458%	-459%
-455%	-456%	-457%	-458%	-459%	-460%	-461%	-462%	-463%	-464%
-460%	-461%	-462%	-463%	-464%	-465%	-466%	-467%	-468%	-469%
-465%	-466%	-467%	-468%	-469%	-470%	-471%	-472%	-473%	-474%
-470%	-471%	-472%	-473%	-474%	-475%	-476%	-477%	-478%	-479%
-475%	-476%	-477%	-478%	-479%	-480%	-481%	-482%	-483%	-484%
-480%	-481%	-482%	-483%	-484%	-485%	-486%	-487%	-488%	-489%
-485%	-486%	-487%	-488%	-489%	-490%	-491%	-492%	-493%	-494%
-490%	-491%	-492%	-493%	-494%	-495%	-496%	-497%	-498%	-499%
-495%	-496%	-497%	-498%	-499%	-500%	-501%	-502%	-503%	-504%
-500%	-501%	-502%	-503%	-504%	-505%	-506%	-507%	-508%	-509%
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-525%	-526%	-527%	-528%	-529%	-530%	-531%	-532%	-533%	-534%
-530%	-531%	-532%	-533%	-534%	-535%	-536%	-537%	-538%	-539%
-535%	-536%	-537%	-538%	-539%	-540%	-541%	-542%	-543%	-544%
-540%	-541%	-542%	-543%	-544%	-545%	-546%	-547%	-548%	-549%
-545%	-546%	-547%	-548%	-549%	-550%	-551%	-552%	-553%	-554%
-550%	-551%	-552%	-553%	-554%	-555%	-556%	-557%	-558%	-559%
-555%	-556%	-557%	-558%	-559%	-560%	-561%	-562%	-563%	-564%
-560%	-561%	-562%	-563%	-564%	-565%	-566%	-567%	-568%	-569%
-565%	-566%	-567%	-568%	-569%	-570%	-571%	-572%	-573%	-574%
-570%	-571%	-572%	-573%	-574%	-575%	-576%	-577%	-578%	-579%
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-615%	-616%	-617%	-618%	-619%	-620%	-621%	-622%	-623%	-624%
-620%	-621%	-622%	-623%	-624%	-625%	-626%	-627%	-628%	-629%
-625%	-626%	-627%	-628%	-629%	-630%	-631%	-632%	-633%	-634%
-630%	-631%	-632%	-633%	-634%	-635%	-636%	-637%	-638%	-639%
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-700%	-701%	-702%	-703%	-704%	-705%	-706%	-707%	-708%	-709%
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-715%	-716%	-717%	-718%	-719%	-720%	-721%	-722%	-723%	-724%
-720%	-721%	-722%	-723%	-724%	-725%	-726%	-727%	-728%	-729%
-725%	-726%	-727%	-728%	-729%	-730%	-731%	-732%	-733	

[illegible]

Month	High	Low	Spot	Cte	Std	FE	1995: High	Low	Spot	Cte	Std	FE
1975	18	15	16	84	15	18	372	252	252	252	252	252
1976	18	15	16	84	15	18	372	252	252	252	252	252
1977	18	15	16	84	15	18	372	252	252	252	252	252
1978	18	15	16	84	15	18	372	252	252	252	252	252
1979	18	15	16	84	15	18	372	252	252	252	252	252
1980	18	15	16	84	15	18	372	252	252	252	252	252
1981	18	15	16	84	15	18	372	252	252	252	252	252
1982	18	15	16	84	15	18	372	252	252	252	252	252
1983	18	15	16	84	15	18	372	252	252	252	252	252
1984	18	15	16	84	15	18	372	252	252	252	252	252
1985	18	15	16	84	15	18	372	252	252	252	252	252
1986	18	15	16	84	15	18	372	252	252	252	252	252
1987	18	15	16	84	15	18	372	252	252	252	252	252
1988	18	15	16	84	15	18	372	252	252	252	252	252
1989	18	15	16	84	15	18	372	252	252	252	252	252
1990	18	15	16	84	15	18	372	252	252	252	252	252
1991	18	15	16	84	15	18	372	252	252	252	252	252
1992	18	15	16	84	15	18	372	252	252	252	252	252
1993	18	15	16	84	15	18	372	252	252	252	252	252
1994	18	15	16	84	15	18	372	252	252	252	252	252
1995	18	15	16	84	15	18	372	252	252	252	252	252
1996	18	15	16	84	15	18	372	252	252	252	252	252
1997	18	15	16	84	15	18	372	252	252	252	252	252
1998	18	15	16	84	15	18	372	252	252	252	252	252
1999	18	15	16	84	15	18	372	252	252	252	252	252
2000	18	15	16	84	15	18	372	252	252	252	252	252
2001	18	15	16	84	15	18	372	252	252	252	252	252
2002	18	15	16	84	15	18	372	252	252	252	252	252
2003	18	15	16	84	15	18	372	252	252	252	252	252
2004	18	15	16	84	15	18	372	252	252	252	252	252
2005	18	15	16	84	15	18	372	252	252	252	252	252
2006	18	15	16	84	15	18	372	252	252	252	252	252
2007	18	15	16	84	15	18	372	252	252	252	252	252
2008	18	15	16	84	15	18	372	252	252	252	252	252
2009	18	15	16	84	15	18	372	252	252	252	252	252
2010	18	15	16	84	15	18	372	252	252	252	252	252
2011	18	15	16	84	15	18	372	252	252	252	252	252
2012	18	15	16	84	15	18	372	252	252	252	252	252
2013	18	15	16	84	15	18	372	252	252	252	252	252

[illegible][illegible]

StarStar	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
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NYSE

Wednesday's 4 p.m. Close
(Continued)

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Month	Day	Time	Temp	Humidity	Wind	Pressure	Clouds	Visibility	Remarks
Jan	1	10	10	10	10	10	10	10	10
Jan	2	10	10	10	10	10	10	10	10
Jan	3	10	10	10	10	10	10	10	10
Jan	4	10	10	10	10	10	10	10	10
Jan	5	10	10	10	10	10	10	10	10
Jan	6	10	10	10	10	10	10	10	10
Jan	7	10	10	10	10	10	10	10	10
Jan	8	10	10	10	10	10	10	10	10
Jan	9	10	10	10	10	10	10	10	10
Jan	10	10	10	10	10	10	10	10	10
Jan	11	10	10	10	10	10	10	10	10
Jan	12	10	10	10	10	10	10	10	10
Jan	13	10	10	10	10	10	10	10	10
Jan	14	10	10	10	10	10	10	10	10
Jan	15	10	10	10	10	10	10	10	10
Jan	16	10	10	10	10	10	10	10	10
Jan	17	10	10	10	10	10	10	10	10
Jan	18	10	10	10	10	10	10	10	10
Jan	19	10	10	10	10	10	10	10	10
Jan	20	10	10	10	10	10	10	10	10
Jan	21	10	10	10	10	10	10	10	10
Jan	22	10	10	10	10	10	10	10	10
Jan	23	10	10	10	10	10	10	10	10
Jan	24	10	10	10	10	10	10	10	10
Jan	25	10	10	10	10	10	10	10	10
Jan	26	10	10	10	10	10	10	10	10
Jan	27	10	10	10	10	10	10	10	10
Jan	28	10	10	10	10	10	10	10	10
Jan	29	10	10	10	10	10	10	10	10
Jan	30	10	10	10	10	10	10	10	10
Jan	31	10	10	10	10	10	10	10	10
Feb	1	10	10	10	10	10	10	10	10
Feb	2	10	10	10	10	10	10	10	10
Feb	3	10	10	10	10	10	10	10	10
Feb	4	10	10	10	10	10	10	10	10
Feb	5	10	10	10	10	10	10	10	10
Feb	6	10	10	10	10	10	10	10	10
Feb	7	10	10	10	10	10	10	10	10
Feb	8	10	10	10	10	10	10	10	10
Feb	9	10	10	10	10	10	10	10	10
Feb	10	10	10	10	10	10	10	10	10
Feb	11	10	10	10	10	10	10	10	10
Feb	12	10	10	10	10	10	10	10	10
Feb	13	10	10	10	10	10	10	10	10
Feb	14	10	10	10	10	10	10	10	10
Feb	15	10	10	10	10	10	10	10	10
Feb	16	10	10	10	10	10	10	10	10
Feb	17	10	10	10	10	10	10	10	10
Feb	18	10	10	10	10	10	10	10	10
Feb	19	10	10	10	10	10	10	10	10
Feb	20	10	10	10	10	10	10	10	10
Feb	21	10	10	10	10	10	10	10	10
Feb	22	10	10	10	10	10	10	10	10
Feb	23	10	10	10	10	10	10	10	10
Feb	24	10	10	10	10	10	10	10	10
Feb	25	10	10	10	10	10	10	10	10
Feb	26	10	10	10	10	10	10	10	10
Feb	27	10	10	10	10	10	10	10	10
Feb	28	10	10	10	10	10	10	10	10
Feb	29	10	10	10	10	10	10	10	10
Feb	30	10	10	10	10	10	10	10	10
Feb	31	10	10	10	10	10	10	10	10


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The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (f) - fortnightly; (r) - regularly; (t) - twice weekly; (m) - monthly.


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THE WORLD'S DAILY NEWSPAPER

WORLD ROUNDUP



Monica Seles showing strength in beating Meredith McGrath.

Seles Wins on Grass

TENNIS Monica Seles, the joint world No. 1, played her first match on grass in four years Wednesday and overpowered Meredith McGrath of the United States at a tournament in Eastbourne, England. Seles won in the second round, 6-2, 6-4. It was her first match on grass since her defeat by Steffi Graf in the 1992 Wimbledon final. (Reuters)

Police Arrest 65 Fans

SOCCER The police said 65 fans were arrested for offenses connected with the England-Netherlands European championship match Tuesday. Most were for drunkenness. Police said the celebrations in Trafalgar Square and other parts of London after England's 4-1 victory were mostly good-natured, although bottles were thrown at officers in a few "minor incidents." (Reuters)

Gymnasts Seek Pass

GYMNASTICS Shannon Miller and Dominique Moceanu, two of the United States' best hopes for Olympic medals, will not compete in next week's Olympic trials in Boston. They will petition USA Gymnastics for waivers to allow them to use their scores from the national championships two weeks ago as qualifying scores for the Olympic team. (AP)

Magic Talk to Shaq

BASKETBALL The Orlando Magic will offer center Shaquille O'Neal a four-year salary package of \$54.76 million, the Orlando Sentinel reported Wednesday. O'Neal becomes a free agent on July 1 and has been talking to the Los Angeles Lakers, among others. The paper reported that a Lakers' executive said he had been told by "someone important in Shaq's camp" that the Magic plan to offer O'Neal \$10.2 million next season and escalate 20 percent each year. (AP)

Giants Release Walker

FOOTBALL The New York Giants Tuesday released Herschel Walker after failing to agree on reducing Walker's \$1.1 million salary and providing him with a more definitive role in the offense. Walker signed a three-year, \$4.8 million contract last year. (NYT)

Haka's All Black History

RUGBY UNION The haka, the war dance performed by the New Zealand national team, the All Blacks, to intimidate opponents before a game, is causing controversy in the very Maori community from which it originated. Matt Te Pou, a Maori coach, said the "Ka Mate" haka used by the All Blacks was identified with the 19th-century warrior chief Te Rauparaha who slaughtered South Island Maori. (Reuters)

Italians Tie With Germans but Lose To Czechs

By Ian Thomsen
International Herald Tribune

MANCHESTER — Their players were frustrated and panicking, but the joyous, seeming Italian supporters weren't paying any attention. They were listening to something better on the radio. Then, in the last minutes of Italy's scoreless draw Wednesday with Ger-



many, they fell into a stunned silence. The German fans were roaring and taunting them. The news just in was that the Czechs had drawn even in its Group C match, putting them into the quarterfinals ahead of Italy.

So the Germans celebrated a night of addition by subtraction. Despite playing the last half-hour with 10 men, they finished the opening round as the only team to not allow a goal, and in so doing freed themselves of possibly their biggest threat in the European Championship.

A single goal would have put Italy into the next round and extended the now-threatened 4½ year reign of coach Arrigo Sacchi, whose constant fiddling with lineups had resulted in the pivotal upset by the Czechs on Friday. In this respect Gianfranco Zola will no doubt be held accountable for the penalty he missed just nine minutes into a match that mimicked the heavy, baritone mood of a tournament final.

The penalty was earned by Pierluigi Casiraghi, who came on to Matthias Sammer as the German sweeper was looking to pass upfield and then beat the goalkeeper, Andreas Köpcke. Casiraghi was a stride from giving Italy the lead when Köpcke raised a boot and tripped him. Guy Goethals, the referee, awarded a penalty but followed the easy path and refused to send Köpcke off. Köpcke caught Zola's penalty diving to his left.

Such a battle lost might have crushed other teams, but these are the Sacchi Italians. This is their lot in life. They must be made to fret and strain. Collectively they shrugged and then got on with controlling the midfield, as happened for most of the night.

Surely this was the Italian style for which Sacchi has suffered. They were



Russia's Igor Yanovsky jumping over Pavel Nedved of the Czech Republic in their game Wednesday in Liverpool.

confident enough in defense to push forward as a compact unit, everyone working hard, contesting every ball and forcing the Germans steadily into retreat.

Roberto Donadoni, who had taken over for Alessandro Del Piero at half-time of the first game and hadn't let go of the job, was especially dangerous from the left. In the 60th minute, he drew a second yellow card from the overmatched Thomas Strunz who was ejected as a result.

Yet the Italians lost their assertiveness with the man advantage. Except for a threatening Zola corner belted clear by Köpcke, they could do nothing in the last half-hour as Sacchi — wide-eyed behind his thick-rimmed glasses — sent on substitute after substitute.

The Germans fell back except for Jürgen Klinsmann, who had escaped Paolo Maldini once to launch a header just wide in the first half, and who was

now swimming lazy laps in a cage of three Italian defenders.

The Italians were eager to attack Stefan Freund, essentially a third-string choice in central defense after the tournament-ending injury to Jürgen Kohler and the suspension of Markus Babbel. The steady challenges of Zola and Casiraghi opened chances for Diego Fuser on the right.

The scoreless doldrums were cleared away by an Italian cheer with the news that Russia had come up with three goals to move in front of the Czechs. If only it had stayed that way, as the fans bled their glum farewell to Sacchi. Despite continuing Italy's undefeated run against Germany over six competitive matches, he was beaten by a game he heard but couldn't see.

Germany will stay in Manchester and play Croatia on Sunday. The Czechs will meet the Portuguese in Birmingham.

Czech Republic 3, Romania 3 At Anfield in Liverpool, Vladimir Smicer rescued the Czechs with a goal two minutes before the final whistle.

The Czechs needed to match Italy's result to advance. They took the lead after six minutes. Jan Suchoparek headed in a corner. In the 20th minute Pavel Kulka ran on to a long pass down the center of the field and looped a header over Stanislav Charchev, the Russian goalkeeper.

The tide changed after halftime. Alexander Mostovoi scored for Russia with a close-range header after 49 minutes. Five minutes later Omar Tardize looped a shot into the goal. With five minutes left, Vladimir Beschastnykh put the Russians ahead with a ferocious shot from long range.

Then Smicer pounced to put the Czechs into the last eight for the first time since 1976 — the year they won the competition. (AP, AP, Reuters)

Worries Remain Over Atlanta's Economy Games

By Jere Longman
New York Times Service

ATLANTA — The Summer Olympics begin a month from Wednesday, but the anticipation and excitement are tempered by continuing questions about Atlanta's preparedness to host the centennial Games.

Major construction is completed, and the chief organizer, Billy Payne, insists that preparations are "on time and on budget," but the ongoing U.S. track and field trials have raised concerns about the heat, drug testing, transportation and technology.

Despite the \$1.7 billion price tag these Olympics carry, visitors may be struck by a lack of grandeur. Compared with previous Olympics, there is a bargain-basement feel to the stadium and the entire Games, a sense of impermanence that a coat of paint, strips of bunting and some trees and shrubs may not camouflage.

For his part, Payne continues with unflagging optimism to say that the Games will be the most successful ever. While acknowledging that downtown streets must be paved, sidewalks must be cemented and some \$150 million must be raised, Payne said Tuesday at a news conference, "We're sitting where we want to be."

"It's gone from nervousness and fatigue to excitement," Payne said.

Some athletes have complained that

while other stadiums have an adjacent warm-up track, the Olympic Stadium warm-up track is a half-mile away. Athletes must leave the heat of the warm-up track, spend 10 minutes in an air-conditioned bus to the stadium, then return to the heat. Some have said they feel this climate change is partly responsible for



the number of muscle cramps that have occurred during the trials.

"Since they built the stadium from the ground up and they were tearing down houses all over the place, you'd think they would find a few more to tear down and build a practice track," said Carl Lewis, the winner of eight Olympic gold medals.

Payne said that organizers thought it was inappropriate to displace families to build a practice track.

Bob Kersee, the coach and husband of the three-time Olympic champion Jackie Joyner-Kersey, said that it was "ridiculous" for athletes to be spending long periods exposed to the sun and 100-plus-degree Fahrenheit (37.7 de-

grees centigrade) temperatures on the track in the Olympic Stadium without any protective shelter.

Payne said that shelters for both athletes and spectators would be made available during the Games, along with misting devices that will be placed at outdoor arenas such as track and field and field hockey.

"No athlete will be denied the ability to hydrate himself immediately," Payne said.

The awkward bus system at the track trials raises questions about the vast transportation plan designed to accommodate 2 million visitors for the Games. During the Olympics, traffic will be essentially be banned downtown. Spectators will park at perimeter lots and be bused to the various competitions.

Transportation is a huge concern of organizers because it is the one system that cannot be simulated before the Olympics begin.

"The transportation key is the extent to which our own residents will comply with the plan," Payne said.

Other areas still to be worked out include technological bugs in the results system at the Olympic Stadium. Glitches in the Swatch timing, IBM computers and Xerox copying systems have held up the distribution of results at the track trials for up to an hour and a half for some events.

The Olympic drug testing lab has not

yet been accredited by the International Olympic Committee, so tests at the track trials are being conducted by a lab in Los Angeles. Accreditation is expected later this month. However, some officials wonder whether the lab's inexperience will leave it vulnerable to arbitration appeals by athletes who test positive.

"We believe the lab will be tested and up and running and will be supportable legally and otherwise," Payne said.

Organizers are also faced with trying to demonstrate that a privately financed Olympics does not mean these Games must have a bargain-basement feel. The \$230 million Olympic Stadium will be converted into a smaller baseball stadium after the Games.

However, designers spent so much effort trying to reproduce baseball parks of old that the Olympic Stadium has no distinguishing features of its own. The Olympic cauldron appears to be the Olympic thimble.

And the temporary structures being erected downtown as gathering places for business clients and spectators, with their gaudily displayed corporate logos, may give visitors the feeling that Atlanta is playing host to a trade show instead of the Summer Olympics.

"You ain't seen nothing yet," said Payne, who added that the city will undergo a face-lift in coming weeks that will "take it forever out of the classification as, quote, ordinary."

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE	W	L	Pct.	GB
EAST DIVISION				
New York	29	28	.502	—
Baltimore	26	30	.464	2 1/2
Seattle	27	29	.482	1 1/2
Toronto	29	29	.500	—
Detroit	18	52	.257	32 1/2
CENTRAL DIVISION				
Cleveland	44	24	.647	—
Chicago	41	27	.603	3
Minnesota	38	30	.561	6
St. Louis	35	35	.500	9
Kansas City	30	41	.423	15 1/2
WEST DIVISION				
Texas	42	27	.609	—
Seattle	34	31	.523	7
California	31	34	.478	10 1/2
Oakland	32	38	.457	10 1/2
NATIONAL LEAGUE				
EAST DIVISION				
Atlanta	43	26	.621	—
Montreal	40	29	.578	3
Florida	33	37	.471	10 1/2
New York	30	40	.431	13 1/2
Philadelphia	29	41	.413	15 1/2
CENTRAL DIVISION				
Houston	36	34	.514	—
St. Louis	34	34	.500	—
Chicago	33	37	.471	2
Pittsburgh	32	37	.464	3 1/2
Cincinnati	27	46	.369	14 1/2
WEST DIVISION				
Los Angeles	33	33	.500	—
San Diego	37	34	.521	—
San Francisco	35	33	.515	1 1/2
Colorado	33	35	.486	3 1/2

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Luis Figo celebrating his goal for Portugal, which beat Croatia, 3-0.

SOCCER

EUROPEAN CHAMPIONSHIP

Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0
Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0
Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0
Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0

RUSSIAN LEAGUE

Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0
Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0
Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0
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TRANSITIONS

Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0	Portugal 3, Croatia 0
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SPORTS

Mike Veeck's Game: To Make Fans Laugh

The Son of a Baseball Legend Lives Out His Motto, 'Fun Is Good'

By Ross Newhan
Los Angeles Times Service

ST. PAUL, Minnesota — Mike Veeck, president and co-owner of the St. Paul Saints of the independent Northern League, is painting a picket fence in front of Midway Stadium. He's wearing gray sweatpants and no shirt on a warm afternoon. Libby, his wife, has a brush, as does anybody who passes by and asks.

Veeck's plan for the grassy tree-shaded area enclosed by the fence is to have celebrities periodically conduct reading sessions with children during the season.

"Another marketing breakthrough," he says, laughing.

Among the expected celebrities will be actor Bill Murray, one of his co-owners.

Murray is preparing to play Veeck's father, Bill, in the movie version of Ed Lin's book, "Veeck as in Wreck."

Asked if he considered taking the role, Mike Veeck says, "I'm having enough fun playing real life."

The signs scattered around Midway Stadium read "Fun Is Good."

It's the motto of Veeck and his team, and the fans seem to endorse it. The Saints have played to 90 percent capacity since Veeck and others helped re-establish the Northern League as an independent four years ago.

At 45, Veeck is also an officer and part owner of the Butte Copper Kings of the Pioneer League and the Fort Myers Miracle, a Minnesota Twins affiliate — which is ironic because the Saints have provided the Twins with some attendance competition only 7 miles (11 kilometers) from the Metrodome.

Those affiliations are also ironic in that Veeck hasn't always — and doesn't now — have the closest ties to major league baseball. Missing from the dictionary handed down from his father is the word conformity.

Bill Veeck ranked the baseball establishment as owner of the Cleveland Indians, St. Louis Browns and Chicago White Sox, and once said:

"What we are trying to do is to get the whole city in a frame of mind where people are asking, 'What's that screwball going to do next?'"

A chip off that block? Mike Veeck, among other things, signed Darryl Strawberry when no one else would. Veeck smiles and says:

"I don't care if it's the Copper Kings or the Saints, if you don't think I hear my dad laughing..."

Bill Veeck employed a midget as a pinch hitter. Mike Veeck staged a ballpark seance designed to reach Thomas Edison, baseball's unsung hero for inventing the lightbulb.

The medium arrived in a limo but failed to reach Edison, claiming that some guy named Joe kept getting in the way.

Then there was "Mime-O-Vision," Veeck's response to instant replay. He hired five mimes to recreate close plays, but the mimes became instant targets for hot dog-throwing fans. Did Veeck mind?

"We sold 26,000 hot dogs," he says. "It was great."

All this since resurfacing, sort of, as

president of the independent Miami Miracle of the Florida State League in 1990.

Unfortunately, Veeck had paid a price, in part, for his ill-fated promotion, the 1979 Disco Demolition that turned into a riot at old Comiskey Park while working for his dad.

Every time Veeck pursued even an entry-level position in the major leagues in the '80s, that came back to haunt him.

"I just think it was an easy place for teams to hang their hat," Veeck said. "I think it was more a matter that I was perceived as a troublemaker — with some justification."

Part of it, too, was his name.

"I'm extraordinarily proud of my lineage, to say the least," Veeck said. "But if it's the best name to have among fans in the stands, it's the worst in the boardroom when you're looking for a job."

"I always thought I'd be judged by my body of work. It shows how naive I was."

He hit bottom in 1986. His father died, his first wife left with their son, Night Train (named after the James Brown version of that song), and Veeck recognized the destructive path he was on — and crawled into Alcoholics Anonymous.

Two friends and longtime minor league operators, Van Slye and Marvin Goldklang, now part owner of the Saints and New York Yankees, provided Veeck with the opportunity in Miami, a stepping-stone to the success in St. Paul and elsewhere.

Veeck makes more than 250 speeches a year, selling baseball.

"It's the greatest game in the world," he said. "All I've tried to do is dress it up a little."

He was even offered an important position at the major-league level last winter — marketing director of the Florida Marlins.

"I gave it a lot of thought," he said. "I went 15 years between job offers, but I ultimately decided that being asked was more important than the job itself."

Besides, how much painting could he have done with the Marlins?

■ **Ozzie Smith to Retire**

The St. Louis Cardinals shortstop Ozzie Smith will retire at the end of the season, The Associated Press reported Wednesday.

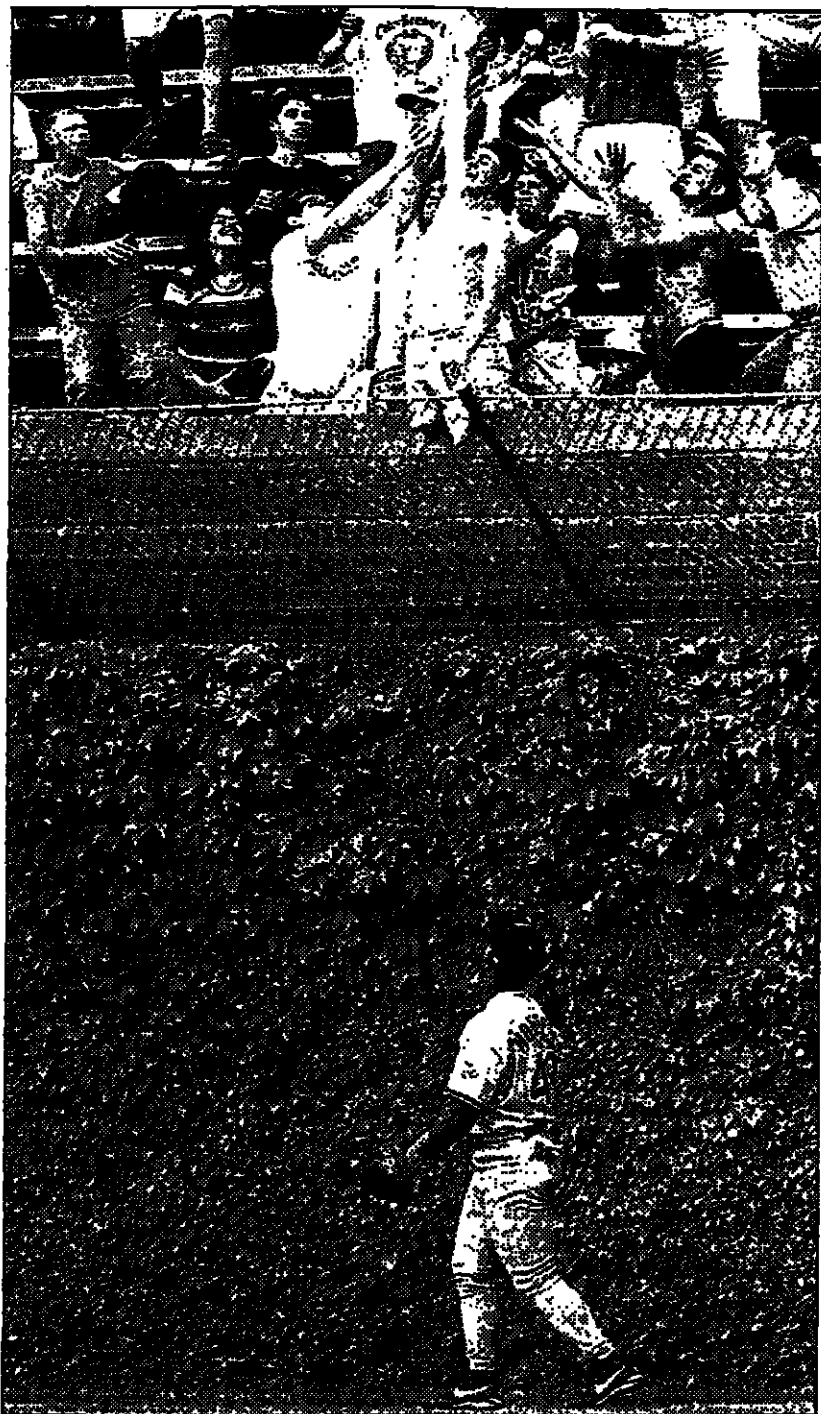
Smith was to make the announcement at a news conference before Wednesday's game with the Philadelphia Phillies at Busch Stadium.

Smith, 41, has won 13 Gold Gloves and is regarded by many as the best defensive shortstop ever. This year, however, has mostly been a reserve role behind the newly acquired Royce Clayton.

Smith, who worked all winter to rehabilitate a surgically repaired throwing shoulder, is hitting .239 with 7 RBIs in just 67 at-bats.

Smith has a .261 career batting average and holds a major league record for assists and double plays.

Although known for his defense, earlier this year he topped the 2,400 hit mark for his career. He has stolen 574 bases.



Dodgers' Raul Mondesi watching Brant Brown's home run at Wrigley Field.

A Case for the Domes: Rain Disrupts 3 Games

The Associated Press
Rain delayed three American League games a total of 5 hours, 59 minutes Tuesday night, one day after Kansas City and Milwaukee needed 5½ hours to play a game because of fog and rain, and a downpour in Baltimore filled the dugouts with water.

Weather delays have caused the Royals' last four games to take 4:41, 4:15, 5:31 and 4:17 to complete.

"The weather in this state is horrendous," the losing Kansas City pitcher, Doug Linton, said of Wisconsin, punctuating his statement with an obscenity. "I got nothing good to say about this place. Every time I've been here, it's been horrible. Unbelievable. If they can't get a domed stadium, it's ridiculous."

"I think they're pretty sick of it," Bob Boone, the Royals' manager, said after his team lost for the third time in their rain-soaked four days.

The Brewers' 9-1 rout of the Royals included 1:57 in rain delays and resumed in a fog.

Greg Vaughn hit his 18th and 19th home runs and Jose Valentin had a grand slam for the Brewers.

The bad weather also played havoc with attendance. About 250 fans remained in Baltimore from a sellout crowd, just 150 were left at Milwaukee, but about 15,000 stayed until the end at 12:44 A.M. in die-hard Cleveland, which had its 83d straight sellout.

Indians 9, Red Sox 7 Omar Vizquel drove in six runs with a grand slam, a run-scoring double and a run-batted-in single against Boston.

The Indians' 11th straight victory over the Red Sox came after Cleveland trailed 6-0. But Vizquel's second career grand slam and Julio Franco's RBI double pulled the Indians within one.

Rangers 7, Orioles 0 Darren Oliver, who limited Baltimore to five singles in seven shutout innings and lowered his earned-run average to 1.41 in his last five starts, said he was surprised the

game wasn't called with Texas leading 7-0 in the eighth inning.

"Why wait two hours?" said Oliver, who did not return after the delay. "I'm sure if the situation would have been reversed and they were up by seven runs, they would have called it. What can you say? Home field advantage. I guess."

Texas hit five home runs, including four off Kent Mercker in the first three innings in the Rangers first shutout of Baltimore this season.

Athletics 8, Tigers 5 Tony Batista's first major-league home run was one of five homers Oakland hit at Detroit.

Gerardo Berroa, Ernie Young, Mark McGwire and George Williams also homered for the Athletics. Todd Van Poppel won for the first time in five decisions this season.

Angels 5, White Sox 4 California won for the ninth time in 10 games, and the Angels have come from behind in all nine victories.

Tim Salmon tied the score with his ninth homer in 15 games and Don Slaught drove in the go-ahead run with an eighth-inning single.

The visiting White Sox lost for the sixth time in seven games after winning 19 of 22.

Yankees 2, Twins 0 Minnesota's starter Brad Radke retired the first 20 New York batters before losing his no-hitter, shutout and victory in the span of five pitches in the seventh inning.

Radke needed only 56 pitches to retire the first 20 Yankees, but with two outs in the seventh, Paul O'Neill sliced a double down the left-field line for New York's first hit.

Tino Martinez followed with his 12th homer, bringing home the only runs of the game. Radke finished with a three-hitter, for his first complete game in 16 starts this season.

Blue Jays 11, Mariners 3 Juan Guzman remained unbeaten against Seattle and Joe Carter homered in the fourth straight game for Toronto. Guzman allowed four hits and six walks, while striking out eight in 5½ innings at the Kingdome.

Cardinals Reach .500 and Share NL East Lead

The Associated Press
The St. Louis Cardinals joined the Houston Astros at the top of baseball's weakest division Tuesday night with a 3-2 victory over the Philadelphia Phillies, which gave St. Louis a 34-34 record.

Donovan Osborne pitched seven solid innings as the Cardinals won their fourth straight game.

"It doesn't make you feel like 'Boy, we've got it made now, we're on our way to 100 wins,'" he said. "We've just got to keep grinding."

The Phillies have lost 11 of 12 and are in last place in the National League East.

Giants 9, Marlins 6 In San Francisco, Pat Rapp threw a wild pitch in the 15th inning while attempting to give Matt Williams an intentional walk, and Marvin Benard slid home with the winning run.

The Giants had blown an 8-3 lead with two outs in the ninth. Gary Sheffield's game-tying, three-run homer off Rod Beck forced extra innings.

In the 15th, Benard singled, took second on a sacrifice by Steve Scarsone and advanced to third on a groundout.

Rapp then threw high to catcher Charles Johnson, who got his glove on

the ball, but was unable to locate it after it dropped behind him. Benard broke for the plate and was called safe after sliding under Rapp's tag.

Brewers 5, Padres 3 In Atlanta, Chipper Jones hit a two-run homer with two outs in the seventh inning. Jones hit a 1-0 pitch from Joey Hamilton over the

left-field fence for his 11th homer to score Mark Lemke, who had singled.

It was the 14th loss in 16 games for the Padres.

Rodriguez 6, Astros 4 In Houston, Eric Davis homered leading off the 10th and Jeff Branson bunted in another run with a squeeze bunt.

Davis hit an 0-1 pitch from Xavier Hernandez over the left-field scoreboard for his 14th homer. Hal Morris followed with a single, was sacrificed to second and went to third on a wild pitch.

Branson then bunted toward the right side of the mound to easily score Morris. The Astros had tied it 4-4 in the bottom of the ninth on Bill Spillers' homer.

Expos 12, Rockies 8 Mike Lansing hit two homers, including a grand slam in the eighth inning, and drove in seven runs.

A Full-Time Commissioner?

The Associated Press
MILWAUKEE — Bud Selig, who has been acting baseball commissioner since 1992, is seriously considering accepting the position as a full-time job, the Milwaukee Journal Sentinel said Wednesday.

The newspaper said several baseball officials it had contacted said they expected Selig to take the job, adding that those officials would not allow their names to be used.

Asked whether he was leaning toward becoming commissioner full-time, Selig said: "I really have no comment on that. We're busy trying to get a new stadium. I haven't had time to think about that."

Selig, president of the Milwaukee Brewers, has said a new stadium is essential for the club. But there have been continuing problems in lining up financing.

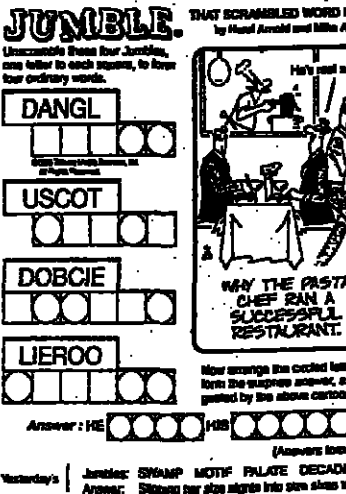
The Journal Sentinel said its baseball sources expected Selig to take the commissioner's job whether or not the Brewers get a new ballpark.

DENNIS THE MENACE



"YOU'RE REALLY SILLY, GRAMA. I LIKE THAT IN A GROWN-UP!"

JUNIEB



Answer: THE

Yesterday's

Answers: GRAMP, MATT, PHILIP, DOBIE, LEROO. (Showing the other side of the page where the answers were given.)

Some PEET

To our readers in Holland

You can receive the IHT hand delivered to your home or office every morning. Just call us toll free at 06 022 51 58.

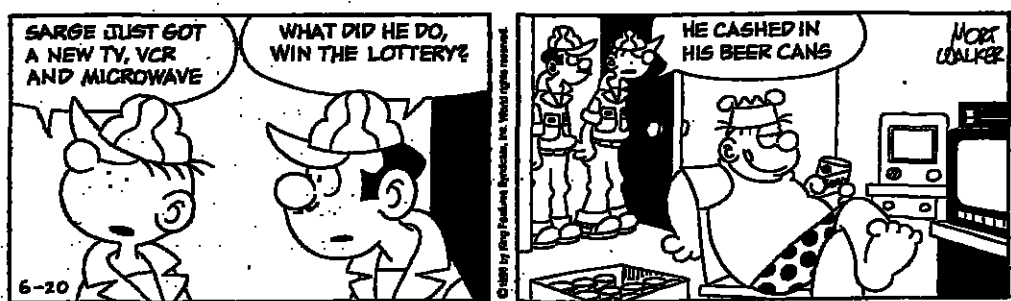
PEANUTS



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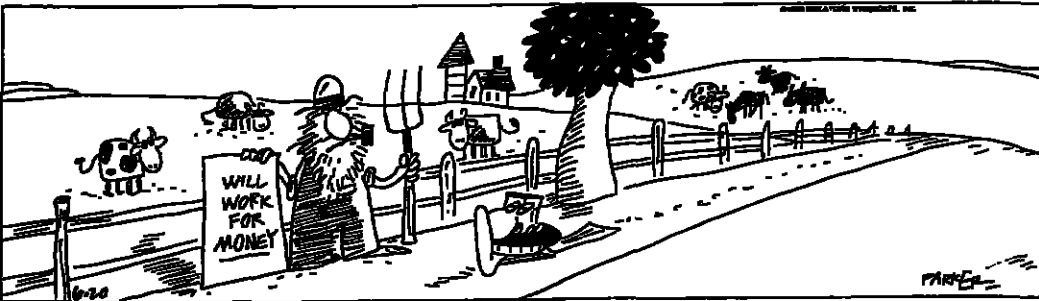
BLONDIE



CALVIN AND HOBBS



WIZARD OF ID



THE FAR SIDE



DOONESBURY



ART BUCHWALD

The Dour Dole

WASHINGTON

When Bob Dole resigned as Senate Majority Leader, he raised fear in the hearts of his handlers. Would he lose the happy-go-lucky demeanor that so many people associated with him in the Senate? What if he replaced it with a dour, boring manner that appealed to the serious voters who wouldn't trust a laid-back politician to save their souls?

"Whatever happens, don't lose your sense of humor," one of Dole's handlers said at the morning Lighten-Up Meeting.

"How can I laugh when the Republican Party doesn't know where it stands on abortion?"

"Would you laugh if it did know?"

"The people want a serious

Exhibition Honors

F. Scott Fitzgerald

The Associated Press

COLUMBIA, South Carolina

— F. Scott Fitzgerald's

tattered leather briefcase, his

silver flask and a 1925 galley

proof of "The Great Gatsby"

are part of a new exhibit at the

University of South Carolina.

The collection of Fitzgerald

works and mementos came

from Matthew Brucoli, an

English professor at the uni-

versity.

Brucoli, one of the United

States' experts on Fitzgerald,

sold the collection to the uni-

versity's library for \$800,000.

Fitzgerald died in 1940.

presidential candidate. In my speech tonight I'm going to declare that Clinton laughs far too much, even when there's nothing to laugh about.

"That's not a bad theme, Senator, except that the public feels you are too serious, and they are starting to get nervous about you. Every time you make a speech on welfare, you sound as if you're about to drop the bomb on Cambodia."

"Welfare is a serious subject. If we don't stop the rot, we'll become a third-rate Russia. Clinton knows this, and he'll probably use it in his next radio address."

"The key to a successful election, Senator, is to promise to take the country into the next century through new ideas — or new jokes."

"Gentlemen, nothing about running for president is a laughing matter. Sure, I'm stiff, but when we have our next trade war with Mexico, being stiff is going to win the day."

"With all due respect, Senator, you tend to mumble a lot when talking to the voters."

"That's a habit I picked up in the trenches during World War II. We didn't want the other side to hear us. Look, I am not going to change my image just because the managers want me to be Don Rickles."

"Well, just try not to look so depressed when you're telling us why you can't look happy."

"Nixon never looked happy, and he won the election against Hubert Humphrey, who was the happiest dude in the country."

"Yes, Senator, but you're

no Richard Nixon."

Charlie Watts: The Stone Without the Attitude

By Mike Zwerin
International Herald Tribune

PARIS — Charlie Watts is the Rolling Stone without the attitude, the hype, the chemicals, the dyed hair and the publicly flaunted succession of young women.

His wife of many years is a sculptress. You won't find them in Vanity Fair's "Vamities" pages or Tatler's beautiful people pictures. He has remained tranquil and innocent among all those agitated well-stroked egos. His impassive, delicately lined face covers a degree of impatience and behind that is a lot of impacted power.

He has wanted to play jazz since the age of 13. He got his information from Down Beat magazine. He never noticed the dirt on the dirty table cloths in the Soho clubs.

This year, he has been promoting his jazz musician incarnation to the max and has been the subject of at least seven major feature articles. He is the Stone who is notoriously unavailable for interviews about the group. Rumor has it that Keith Richards is as furious as one can be with mild-mannered Charlie. He is said to have declared that from now on Watts will take his media turn with the rest of them peddling the Stones.

Is he peddling jazz to peddle his new career or is it the other way around? He has been making positive statements and citing deserving names. His playing it is good publicity. Call it a happy conjuncture. It's in the wind — Phil Collins is touring with a big band and Van Morrison seems to have become a jazz singer.

Watts' recent jazz album, "Long Ago and Far Away" (Point-blank), presents nostalgic versions of standards with horns, a string section and a crooner. It is consonant and cushiony. His previous album ("Warm and Tender") was similar. The two records can be defined by their references — Frank Sinatra with Nelson Riddle and Charlie Parker with strings.

The featured singer Bernard

Fowler (an African American who has sung with Herbie Hancock and backed up the Stones) and the musical director and saxophone soloist Pete King are great but they seem to have been cautioned to stick close to the melody. The record would not attract much attention if not for the name the leader has built in another field.

The same thing has been said about Woody Allen playing Dixieland jazz on the clarinet and Watts grimaces: "Gee, I hope people won't compare me to Woody sitting up there playing jazz."

There are in fact similarities. But Watts' evolution was more organic. In the early '60s, he started his professional career with Alexis Korner's Blues Incorporated (from time to time including Jack Bruce, Dick Heckstall-Smith, Keith Richards and Mick Jagger). His good taste and unobtrusive time-keeping was appreciated. Chet Baker could have had Watts in mind when he said: "Takes one heck of a drummer to be better than no drummer at all."

Korner's blues band evolved from old-time to contemporary blues and, having spun off from it, the Rolling Stones electrified in the wake of Muddy Waters. Watts' roots can be spotted by the fact that he is one of the few rock drummers to play a backbeat with a left-hand underhand jazz grip. This is designed for flexible wrist-activated rhythmic counterpoint not banging: "It's hard to get power that way, but I just raise the stick higher in the air. I tried an overhand grip like Ringo for awhile but it never worked. It's really funny, but technically I play exactly like Kenny Clarke."

During their first Chicago concerts, Watts could not believe it when people said how much they liked the Stones, because "the real original thing was just up the road. A lot of it. All these bands like Jimmy Reed and Chuck Berry. I went to hear the drummer Earl Phillips. He's as subtle as Connie Kay. It's like listening to Davey Tough on a good night. He'll play a fill with four



This year, he has been promoting his jazz musician incarnation.

strokes and one of them will be ever so slightly off. It lifts you into another world. Me, I'm only a basher."

Along with Robert Wyatt of The Soft Machine and Stewart Copeland of The Police, Watts is one rock drummer held up as a standard

to reach for. Rock would be a far better thing if all its drummers played like Charlie Watts. He does not agree with that, or says he doesn't. But the fact remains that a few rock bands have swung as hard as the Rolling Stones. Which brings us to a weird

place: The commercial product he made while, some might say, "selling out" to the mass market was more exciting and for-real than the schmaltzy bebop it's paying for. Watts explains it as a transition: "Whether people will like the album or not I don't know. I guess it's not really the kind of music the public buys today. It's not exactly groundbreaking. But I'm not ready to dive into that original-jazz playing world. Maybe I'll try that later. This is something I just had to get out of the way."

The album proves he's a good casting director; he's proved it before. "Mick asked me if I knew a good jazz tenor player. I said 'Sonny Rollins.' Mick said 'let's get him.' I said 'I don't think a guy like this ... I would imagine that he would not want to be associated with ...'"

Listening to Rollins' solos on the Stones album "Tattoo You," it's hard to hear which idiom is carrying which. Who's compromising, if anybody? There was no credit on the LP. From each side, respectively, it was said that Rollins did not want to know with whom he was associating and that Mick Jagger did not want a competing credit. Either way, it was a great fit.

Watts was also largely responsible for hiring ex-Miles Davis bassist Darryl Jones to replace Bill Wyman. "Sometimes we'll be playing something like 'Brown Sugar,' and I look over at him next to me and say to myself, 'This guy played with Miles.'"

"It must have been hard for Darryl to get used to playing with us. I hope he got to the point where he could feel it too, but something really special happens when the Stones play together. It's always been that way. It's not something we've worked out or talked about. But I can play the same songs and the same licks with other people, top people, and it's nowhere near as strong an experience."

"I don't know what that is. It's got nothing to do with the music, really. It just happens to be music we're using."

PEOPLE



Becky Lee Meza and Jennifer Lopez, who will play Selena in a forthcoming film.

A 10-YEAR-OLD Texas girl was chosen to portray the slain Tejano singer Selena as a child in an upcoming movie. Becky Lee Meza of Harlingen, Texas, smiled and posed beside Jennifer Lopez, who was selected last week to play Selena as an adult. The actresses were among 20,000 girls and young women who responded to casting calls to star in the \$20 million film "Selena" for Warner Bros. Production is to begin in Texas in late August. Selena was shot to death in March 1995 by the one-time president of her fan club, who was convicted of murder and sentenced to life in prison.

A French scandal magazine was ordered Wednesday to pay 200,000 francs (\$40,000) in damages to Eva Christina Forne, a Swedish journalist, for an article it published alleging that she had a love affair with François Mitterrand in 1988. It was one of the highest sums awarded by a Paris court for invasion of privacy and publication of photographs without

permission. The article in Ici-Paris was published in February, a month after the former president's death.

David Bowie rocked the Kremlin wearing high heels and black leather pants, but the British rock star had a hard time getting his audience going. "From here I see a lot of rums and dads," Bowie said as he looked out over the audience at the austere Kremlin Palace of Congresses, where he was performing in his first Russia concert. "But I know you're here," he told his younger fans. "Can you give me a yell?"

Truly great acting, according to Meg Ryan, comes from ... the feet? Close. "It's the shoes," she told Elle magazine for its July edition. The star of "When Harry Met Sally" and "Sleepless in Seattle" says her foot-wear gives her — well, a jumping-off place for creating characters. In those films, she wore "the ultimate sensible flats and white loafers — real virgin

shoes." But for her role in the soon-to-be-released "Courage Under Fire," as a military helicopter ambulance pilot who dies in the line of duty, Ryan was shod in army combat boots. "You put on those boots and it was 'Hello!'" she said. "They gave me an entry point into a woman who was flawed and nervous and behaved incredibly courageously — a woman who was heroic and fully human at the same time."

Jerry Lewis, who calls retirement a social problem, says his life is better than ever at 70. "If I wake up in the morning, I'm a hit. If I can open my eyes, I'm a smash," he said before the opening of "Damn Yankees" in Indianapolis. Lewis, who plays the devil in the Broadway hit, turned 70 on March 16. Meanwhile, Lewis says he's delighted when people compare him to Jim Carrey to him. "He's the best visual comic to come down the pike in 100 years. He's brilliant," Lewis said. But he says Carrey should be careful when it comes to the off-cam-

era Rat Pack antics. Carrey's new movie "Cable Guy" debuted at No. 1 at the box office last week, grossing an estimated \$20.2 million.

It wasn't the yellow submarine, but the 1972 Chrysler station wagon John Lennon drove across country fetched \$20,700 at auction, more than twice the presale estimate. The Town and Country wagon, which Lennon drove across the United States in 1975 with Yoko Ono, was sold at a Sotheby's auction of rock 'n' roll and movie memorabilia. Jim Morrison's handwritten poetry went for \$25,300 and an apron dress worn by Judy Garland for a test shoot of "The Wizard of Oz" sold for \$10,637. The king-size bed that the British model Liz Hurley shared with the film star Hugh Grant in their English country house is going under the hammer for an estimated price of just £50 (\$75). "The double mattress does appear to have been well used," an auctioneer said. The sale will be held in Bath on July 11.

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